United Nations

E/2004/SR.13

# Economic and Social Council

Provisional
9 August 2004

Original: English

## Resumed organizational session for 2004

### Provisional summary record of the 13th meeting

Held at Headquarters, New York, on Thursday, 3 June 2004, at 3 p.m.

*President*: Ms. Rasi. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . (Finland)

## Contents

Adoption of the agenda and other organizational matters (*continued*)

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*The meeting was called to order at 3.50 p.m.*

## Adoption of the agenda and other organizational matters (*continued*)

*ECOSOC event to consider the issue of transition from relief to development*

1. **The President** noted that an agreement had been reached during informal consultations whereby a meeting to discuss the issue of transition from relief to development would be held on Monday, 12 July 2004, in the morning. It had been agreed that the meeting would be "informal" and would begin with brief presentations followed by discussions with delegations; there would be no outcome document or official records; and a brief reference to the holding of the meeting would be made in the official report of the Council.

2. **Ms. Gustafson** (United States of America) expressed her regret at the low-profile nature of the meeting and the lack of official records. The issue was important and deserved to be put on record. She trusted that no precedent was being set and that the matter would be dealt with in a more substantive way in the future.

3. **Ms. Betson** (Ireland), speaking on behalf of the European Union, agreed with the representative of the United States, and confirmed that the European Union would take an active part in the meeting.

4. **The President** said she took it that the Council agreed to hold an event, the modalities of which she had just described in order to discuss the issue of transition from relief to development.

5. *It was so decided.*

*Report of the Committee for Development Policy* (E/2003/33; E/2004/L.10)

6. **The President** invited the Council to turn to the report of the Committee for Development Policy (CDP) on its fifth session (E/2003/33), to consider the question of the graduation of Cape Verde and Maldives from the list of least developed countries. She then invited the representative of Sweden to introduce draft resolution E/2004/L.10.

7. **Ms. Cronenberg-Mossberg** (Sweden), in summarizing the content of the draft resolution, said that it was the result of long discussions and thanked the members of the Council for their close cooperation.

*Action on draft resolution E/2004/L.10*

8. **The President** informed the council that the representative of the United States of America had requested a vote on the draft resolution.

9. **Mr. Al-Bader** (Qatar), speaking on behalf of the Group of 77 and China, thanked the representative of Sweden for her valiant effort, which unfortunately had not been totally satisfactory inasmuch as one Member State had rejected the proposed formula.

10. **Mr. Aho-Glele** (Benin), speaking on behalf of the least developed countries, said that those countries, which were not opposed to graduation but rather urged it, had been striving for a formula that would follow on from General Assembly resolution 46/206. Although not pleased with all the provisions of the draft, in a spirit of consensus they had agreed to its adoption, as had all delegations except for one. He urged all members of the Council to vote in favour, since any attempt to block the adoption flouted the principles of the United Nations.

11. **Ms. Gustafson** (United States of America), speaking in explanation of vote before the voting, said that her Government would vote against the draft because the text was unbalanced. It focused on transition but took no meaningful decision on the graduation process, which had been paralysed for many years. In 1991 the General Assembly had established a procedure for graduating countries, and the draft resolution distorted and delayed that process. Moreover, it requested the Secretary-General to take actions that were properly within the purview of other institutions, and stated that the Council would take a decision that it lacked the authority to take.

12. It had been 10 years since a country had graduated from the list of least developed countries, and the resolution was likely to perpetuate that state of affairs. Some countries did not belong on the list, while others that did were not listed. That situation undermined the objectivity of the list and the legitimacy of special measures for listed countries. Cape Verde and Maldives had been identified as qualifying for graduation in 1997 and 2000, respectively. Pursuant to the provisions of General Assembly resolution 46/206, graduation would become effective in 2007 if the findings of CDP were adopted in the autumn. That represented 10 and 7

years, respectively, which should be enough time for transition.

13. Her Government hoped that the procedures for graduating LDCs envisaged by the Assembly in 1991 would be resumed. It could have supported a draft resolution that addressed the issue of preparation for the transition following graduation.

14. **Mr. Rosenthal** (Guatemala) observed that it would have been preferable to avoid a vote that would postpone substantive consideration of the question of the graduation of two countries. He confirmed that, as a member of the Group of 77 and China, his country would vote in favour of the draft resolution. His concern was not confined to graduation. Institutionally, the proper forum for consideration of the matter was the Committee for Development Policy and, as a matter of principle, the Council should not question decisions taken by that Committee without due justification.

15. *At the request of the representative of the United States of America, a recorded vote was taken.*

*In favour*:

Armenia, Australia, Azerbaijan, Bangladesh, Belgium, Belize, Benin, Bhutan, Canada, Chile, China, Colombia, Congo, Cuba, Ecuador, El Salvador, Finland, France, Germany, Ghana, Greece, Guatemala, Hungary, India, Indonesia, Ireland, Italy, Jamaica, Japan, Kenya, Libyan Arab Jamahiriya, Malaysia, Mauritius, Namibia, Nicaragua, Nigeria, Panama, Poland, Qatar, Republic of Korea, Russian Federation, Senegal, Sweden, Tunisia, Turkey, Ukraine, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania.

*Against*:

United States of America.

16. *The draft decision was adopted by 49 votes to 1.*

17. **Ms. Betson** (Ireland), speaking on behalf of the European Union, the candidate countries (Bulgaria, Croatia, Romania and Turkey), the stabilization and association process countries (Albania, Bosnia and Herzegovina, Serbia and Montenegro and the former Yugoslav Republic of Macedonia), and, in addition, Iceland, said that the European Union welcomed the widespread agreement reached on the text of the draft resolution but would have preferred adoption by consensus. The time had come for Cape Verde and Maldives to graduate from the list of least developed countries, and the Council would take a positive decision in that respect at the forthcoming substantive session.

18. The European Union continued to be the most important supporter of the least developed category. Support was voluntary and inspired by the wish to assist the weakest and poorest countries. The category must, therefore, remain credible and focused on the least advanced developing countries. Accordingly, the European Union reaffirmed the importance it attached to the triennial review by CDP, the purpose of which was to determine which countries should be added to or graduated from the list. Graduation should be considered a positive achievement.

19. The European Union welcomed the remarkable progress made recently by Cape Verde and Maldives, and at the same time was aware of the need to ensure a smooth transition that would not disrupt development plans and programmes. There was an urgent need for the international community to address the possible issues related to smooth transition. Countries in a position to graduate should have a clear picture of what was involved. In that light, the European Union looked forward to the Secretary-General's report and its recommendations on how to formulate a smooth transition strategy. General guidelines were needed, to be applied to each graduating country.

20. **Ms. Grindlay** (Australia) said it was vital that the least developed countries did not lose momentum and expressed regret that existing criteria did not give appropriate consideration to the unique status of small island developing states.

*The meeting rose at 4.15 p.m.*

United Nations

E/2004/SR.14

# Economic and Social Council

Provisional

6 August 2004

Original: English

**Resumed organizational session for 2004**

**Summary record of the 14th meeting**
**Held at Headquarters, New York, on Tuesday, 15 June 2004, at 3 p.m.**

*President*: Ms. Rasi. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . (Finland)

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**Adoption of the agenda and other organizational matters (*continued*)**

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*The meeting was called to order at 3 10 p.m.*

### Adoption of the agenda and other organizational matters (*continued*)

### Consideration of the recommendations contained in the excerpt from the report of the Commission on Human Rights on its sixtieth session (E/2004/L.9 and Add.1)

1. **The President** drew attention to the nine draft decisions contained in the excerpt from the report of the Commission on Human Rights on its sixtieth session (E/2004/L.9), on which the Council had been requested to take action, and to the note by the Secretariat (E/2004/L.9/Add.1) setting forth the programme budget implications of those draft decisions.

*Draft decision 1*

2. **The President** invited the Council to take action on draft decision 1, entitled "Situation of human rights in the Democratic People's Republic of Korea".

3. **Mr. Pak Gil Yon** (Democratic People's Republic of Korea) said it was regrettable that the draft decision had been submitted to the Council. During the sixtieth session of the Commission on Human Rights, the European Union, availing itself of the hostile policy of the United States of America towards the Democratic People's Republic of Korea, had sponsored a draft resolution on the situation of human rights in his country based solely on unrealistic and fabricated information. That clearly showed that human rights issues were politicized by the members of the European Union, the United States and other Western countries within the United Nations system. Human rights violations within their own territories, and the crimes against humanity they had committed in Korea, Viet Nam, Yugoslavia, Afghanistan and Iraq had never been brought before United Nations bodies. They claimed that the illegal occupation of Iraq and the crimes against humanity perpetrated in Iraq were all motivated by the desire to protect human rights, and branded States that refused to accept Western values as violators of human rights. The resolution adopted in the Commission on Human Rights was intended to tarnish the image of his country, and the draft decision currently before the Council represented an affront to the Charter of the United Nations. He therefore urged all Council members who valued justice and respected genuine human rights to vote against that draft decision.

4. **Mr. Xie** Bohua (China) said that the economy of the Democratic People's Republic of Korea had been through a difficult period, but the Government had made significant efforts to overcome those difficulties and to improve the human rights situation in the country, and had also cooperated at the international level in the field of human rights. It had adopted four international human rights conventions and had invited the United Nations Special Rapporteur on violence against women to visit the country. The international community should therefore be encouraging, not condemnatory. The draft decision before the Council would not help improve the situation of human rights there; rather, it would complicate the situation and would not be conducive to the maintenance of peace and stability on the Korean peninsula. His delegation would therefore vote against it.

5. **Mr. Amorós Nuñéz** (Cuba) said that in the view of his delegation the draft decision was based on a process that was politicized and selective, and it reflected a biased approach.

6. **Mr. Gibbons** (Ireland), speaking on behalf of the European Union, said that one of the core aspects of the Commission on Human Rights resolution had been the decision to appoint a Special Rapporteur to establish direct contact with the Government and people of the Democratic People's Republic. Adoption of the draft decision before the Council would make it possible for the Commission to begin the process of fulfilling its important new mandate. The European Union therefore strongly urged Council members to vote in favour of the decision.

7. **Ms. Tamlyn** (United States of America), speaking in explanation of vote before the voting, said that her country had co-sponsored the draft resolution submitted to the Commission on Human Rights at its sixtieth session, as it continued to have grave concerns about the situation of human rights in the Democratic People's Republic of Korea. The appointment of a Special Rapporteur could be a positive and constructive vehicle for improving the situation. Her delegation would therefore vote in favour of the draft decision and urged other Council members to do likewise.

8. *A recorded vote was taken.*

*In favour*:

Armenia, Australia, Azerbaijan, Belgium, Belize, Bhutan, Burundi, Canada, Chile, Ecuador, El Salvador, Finland, France, Germany, Greece, Guatemala, Hungary, Ireland, Italy, Japan, Nicaragua, Panama, Poland, Sweden, Turkey, Ukraine, United Kingdom, United States of America.

*Against*:

China, Cuba, Indonesia, Libyan Arab Jamahiriya, Russian Federation, Zimbabwe.

*Abstaining*:

Bangladesh, Benin, Colombia, Ghana, India, Jamaica, Kenya, Malaysia, Mauritius, Mozambique, Namibia, Nigeria, Qatar, Republic of Korea, Saudi Arabia, Senegal, Tunisia, United Arab Emirates, United Republic of Tanzania.

9. *Draft decision 1 was adopted by 28 votes to 6, with 19 abstentions.*

*Draft decision 2*

10. **The President** invited the Council to take action on draft decision 2, entitled "Situation of human rights in Belarus".

11. **Mr. Ivanou** (Belarus) said that the draft decision and its underlying resolution were politically motivated and contained allegations that had no basis in fact. This delegation utterly rejected both the allegations and the resolution. It was well known that the Commission on Human Rights appointed a Special Rapporteur only as a last resort, in the event of massive, gross and continued violations of human rights. No such situation existed in Belarus. The resolution had been adopted as a result of unprecedented pressure from various countries, and reflected the application of double standards. Most countries opposed the principle of using country-specific situations as a tool for political manipulation. Belarus had always demonstrated its commitment to the protection of human rights and cooperated fully with international treaty bodies in that sphere. Belarus also cooperated with the Commission's special procedures. Achieving universal respect for human rights required coordinated effort by the international community, based on solidarity, cooperation and partnership.

12. **Mr. Nikiforov** (Russian Federation), supported by **Mr. Amorós Nuñéz** (Cuba) and **Mr. Xie Bohua** (China), said that in the view of his delegation the draft decision before the Council had been submitted for purely political reasons and had nothing to do with the objective of promoting and developing constructive international cooperation in the sphere of human rights. Belarus was taking steps to cooperate with the special procedures of the Commission and was therefore entitled to expect a more positive signal than that being given out by the draft decision before the Council.

13. *Draft decision 2 was adopted.*

*Draft decisions 3 to 9*

14. **The President** invited the Council to take action on: draft decision 3, entitled "Impunity", draft decision 4, entitled "Advisory services and technical cooperation in Burundi", draft decision 5, entitled "Advisory services and technical cooperation in the Democratic Republic of the Congo", draft decision 6, entitled "Advisory services and technical cooperation in Chad", draft decision 7, entitled "Protection of human rights and fundamental freedoms while countering terrorism", draft decision 8, entitled "Special Rapporteur on trafficking in persons, especially in women and children", and draft decision 9, entitled "Situation of human rights in the Sudan".

15. *Draft decisions 3 to 9 were adopted.*

16. **Mr. Pak Gil Yon** (Democratic People's Republic of Korea), speaking in explanation of vote after the voting, said that the outcome of the vote on draft decision 1 had shown that injustice, based on the principle that "might is right", was rife at the United Nations. And yet, it also showed that more and more Member States had understood the true nature of the decision and had rejected the idea that developed and powerful nations were automatically champions of human rights and small, weak nations violators of human rights.

*The meeting rose at 3.55 p.m.*

United Nations E/2004/SR.15

# Economic and Social Council

Provisional

6 August 2004

Original: English

**Resumed organizational session for 2004**

## Summary record of the 15th meeting

**Held at Headquarters, New York, on Wednesday, 23 June 2004, at 3.30 p.m.**

***President*:** **Ms. Rasi ........................................................ (Finland)**

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**Elections, nominations, confirmations and appointments (*continued*)**

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*The meeting was called to order at 3.40 p.m.*

## Elections, nominations, confirmations and appointments (*continued*) (E/2004/2/Add.1)

*Postponed vacancies*

1. **The President** invited the Council to take action on a number of vacancies that had been postponed from its previous sessions.

*Commission on Population Development*

2. **The President** invited the Council to consider the upcoming vacancies on the Commission on Population Development. Armenia had been endorsed by the Group of Eastern European States and Belgium and Switzerland by the Group of Western European and other States, to fill three of the seats that would become vacant on 1 January 2005. She took it that the Council wished to elect Armenia, Belgium and Switzerland by acclamation for a four-year term beginning on 1 January 2005.

3. *It was so decided.*

4. **The President** said she took it that the Council agreed to postpone further: the election from the Group of Latin American and Caribbean States of one member for a term beginning on the date of election and expiring on 31 December 2004, and one member for a term beginning on the date of election and expiring on 31 December 2007; and the election from the Group of Asian States of two members for a term beginning on the date of election and expiring on 31 December 2005.

5. *It was so decided.*

*Commission on Social Development*

6. **The President** invited the Council to turn its attention to the upcoming vacancies on the Commission for Social Development. Monaco had been endorsed by the Group of Western European and other States to fill a seat that would become vacant at the end of the forty-third session of the Commission. She took it that the Council wished to elect Monaco by acclamation for a four-year term beginning at the forty-fourth session of the Commission and expiring at the close its forty-seventh session in 2009.

7. *It was so decided.*

8. **The President** said that, in the absence of any other candidates, she took it that the Council agreed to postpone further the election of one member from the Group of Eastern European States for a four-year term beginning at the forty-fourth session of the Commission and expiring at the close of its forty-seventh session.

9. *It was so decided.*

*Commission on Science and Technology for Development*

10. **The President** invited the Council to consider the upcoming vacancies on the Commission on Science and Technology for Development. Slovakia had been endorsed by the Group of Eastern European States to fill the seat that would become vacant on 1 January 2005. She took it that the Council wished to elect Slovakia by acclamation for a four-year term beginning on 1 January 2005.

11. *It was so decided.*

12. **The President** said that, in the absence of any other candidates, she took it that the Council agreed to postpone further the election of two members from the Group of Western European and other States, one for a four-year term beginning on the date of election and expiring on 31 December 2004 and the other for a four-year term beginning on 1 January 2005.

13. *It was so decided.*

*Executive Board of the International Research and Training Institute for the Advancement of Women*

14. **The President** invited the Council to consider the two vacancies on the Executive Board of the International Research and Training Institute for the Advancement of Women (INSTRAW). The Czech Republic and Romania had been endorsed by the Group of Eastern European States to fill those seats. She took it that the Council wished to elect the Czech Republic and Romania by acclamation for a term that would begin immediately and expire on 31 December 2006, thereby completing the membership of the Executive Board of INSTRAW.

15. *It was so decided.*

*Programme Coordination Board of the Joint United Nations Programme on HIV/AIDS (UNAIDS)*

16. **The President** invited the Council to turn its attention to the two seats to be filled on the Programme Coordination Board of the Joint United Nations Programme on HIV/AIDS. France had been endorsed by the Chairman of the Group of Western European and other States to fill one of the seats. She took it that the Council wished to elect France by acclamation for a three-year term beginning on 1 January 2005.

17. *It was so decided.*

18. **The President** said that, in the absence of any other candidates, she took it that the Council agreed to postpone further the election of one member from the Western European and other States for a three-year term beginning on 1 January 2005.

19. *It was so decided.*

*Governing Council of the United Nations Human Settlements Programme (UN-Habitat)*

20. **The President** invited the Council to take action on the upcoming vacancies on the Governing Council of the United Nations Human Settlements Programme. Slovakia had been endorsed by the Group of Eastern European States to fill the seat for their group; Trinidad and Tobago was a candidate for one of the upcoming vacancies for the Group of Latin American and Caribbean States; and Norway had been endorsed by the Group of Western European and other States to fill one of the seats for their group. She took it that the Council wished to elect Norway, Slovakia and Trinidad and Tobago by acclamation for a four-year term beginning on 1 January 2005.

21. *It was so decided.*

22. **The President**, referring to the remaining seats to be filled, said she took it that the Council wished to postpone further the election of one member from the Group of Asian States, two members from the Group of Latin American and Caribbean States and one member from the Group of Western European and other States for a four-year term beginning on 1 January 2005.

23. *It was so decided.*

*Committee for Programme and Coordination*

24. **The President** invited the Council to consider the upcoming vacancy on the Committee for Programme and Coordination. In the Group of Latin American and Caribbean States, one member remained to be nominated by the Council for election by the General Assembly. The Group had endorsed the nomination of Jamaica for the seat. She took it that the Council wished to nominate Jamaica for a three-year term beginning on 1 January 2005.

25. *It was so decided.*

*The meeting rose at 3.50 p.m.*

United Nations **E/2004/SR.16**

# Economic and Social Council

**Provisional**

**9 August 2004**

**Original: English**

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**Substantive session of 2004**
**High-level segment**

**Provisional summary record of the 16th meeting**
**Held at Headquarters, New York, on Monday, 28 June 2003, at 10 a.m.**

*President*: Ms. Rasi .................................................................... (Finland)

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**Opening of the session**

**Adoption of the agenda and other organizational matters**

**Policy dialogue and discussion on important developments in the world economy and international economic cooperation with heads of financial and trade institutions of the United Nations system**

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*The meeting was called to order at 10.15 a.m.*

### Opening of the session

1. **The President** declared open the substantive session of 2004.

### Adoption of the agenda and other organizational matters (E/2004/7, E/2004/65, E/2004/84, E/2004/100 and Corr.2; E/2004/L.7 and L.8)

2. *The provisional agenda was adopted.*

3. **The President** said she took it that the Council wished to approve the proposed programme of work (E/2004/L.7).

4. *It was so decided.*

5. **The President** recalled that at its 2nd meeting, on 4 February 2004, the Council had decided to consider at its 2004 substantive session the application of the intergovernmental organization World Deserts Foundation to participate in its work as an observer. The Council's draft decision to accept that application was now before the Council in document E/2004/7. In the absence of objection, she would take it that the Council wished to grant observer status to the World Deserts Foundation.

6. *It was so decided.*

### Policy dialogue and discussion on important developments in the world economy and international economic cooperation with heads of financial and trade institutions of the United Nations system (E/2004/75, chap. I)

7. **The President**, introducing the high-level policy dialogue, said that the Council had become an important platform for coordinating action in support of the outcomes of the major United Nations conferences and summits, including the Millennium Development Goals. In some areas, it had made significant headway. First, by selecting cutting-edge issues as themes for its high-level segment, it had taken a lead role in key policy areas. The choice of theme for 2004 was very timely, because in 2005 the world would review the progress made in implementing the goals of United Nations conferences and summits, including the Millennium Development Goals. Secondly, the Council was now collaborating with non-governmental organizations, other civil society organizations and the private sector as key partners in its work. Preparatory meetings for the high-level segment had been held with non-governmental organizations in various regions, and by the International Association of Economic and Social Councils, and the resulting recommendations would be presented to the Council during the high-level segment. Third, the Council had devised ways of bringing different actors together to help promote its policy decisions, leading to initiatives such as the Information and Communication Technologies Task Force. The Council also provided a forum for various actors to explore possibilities for cooperation, such as the forum with leaders of business and finance on facilitating investment in least developed countries. Moreover, the Council could play a catalytic role in facilitating initiatives to generate resources in least developed countries (LDCs) for achieving their development goals.

8. Fourth, the Council had developed its role as a forum for policy coordination and collective action with the Bretton Woods institutions, the World Trade Organization, United Nations Conference on Trade and Development and other United Nations bodies working in economic development and in support of the Monterrey Consensus and the Millennium Development Goals. The Bureau of the Council regularly discussed financing for development with the Executive Boards of the World Bank and the International Monetary Fund. Fifth, the annual high-level policy dialogue on important developments in the world economy and international economic cooperation provided a forum for the Council to assess, together with the key trade and financial institutions, the major economic problems in the world and their impact on development, and to address issues of policy coherence. Finally, the Council was increasingly involved in providing international assistance for recovery and long-term development to countries emerging from conflict. Having set up ad hoc advisory groups on the situations in Burundi and Guinea-Bissau, it interacted with the Security Council regarding these countries and would soon hold a special event to discuss the transition from relief to development. Both the humanitarian segment and the operational activities segment had become active in coordinating the work of the United Nations system organizations.

9. The Council was still exploring ways of exercising a greater impact on the system and on the world at large. In May 2004 it had organized a panel to

discuss how to improve the effectiveness of its work, in the spirit of the United Nations reform. With other members of the Bureau, she was committed to making the Council a more effective forum for achieving policy coherence and for coordinating development efforts.

10. **Ms. Freschette** (Deputy Secretary-General of the United Nations) said that the Secretary-General, who was away from Headquarters, had asked her to tell the Council how glad he was that it would be focusing on the development challenges facing the 50 least developed countries. For the 700 million people in those countries, the decisions of the United Nations, and the extent to which those decisions were acted upon, could make the difference between life and death. No issue on the agenda of the United Nations was as important as working to meet the Millennium Development Goals. A sine qua non for success in that endeavour was sustained economic growth. In spite of the improvement in the world economy, with growth likely to reach 4 per cent in 2004, the global economic environment was uncertain and was bedevilled by high energy prices. Growth in some developing countries, especially those which were heavily dependent on agriculture and had to import energy, could not reliably be expected to continue. Nor could the Goals be met in the absence of policies and programmes targeting the poor. Very few least developed countries were likely to achieve the poverty reduction goals set in the Brussels Programme of Action and the Millennium Declaration. Severe poverty in those countries was both a result and a cause of economic stagnation. Poor States must make their governance more efficient, transparent and accountable, and invest more in health, education and basic infrastructure. They should do everything possible to support homegrown entrepreneurs, tap the potential of remittances from emigrants, and attract foreign direct investment.

11. The efforts of least developed countries must however be matched by those of the development partners. The donor countries must fulfil their commitment under the Brussels Programme of Action to increase aid flows to 0.20 per cent of gross national product. They should channel more aid through their national budgeting processes, and ensure that aid flows were sustainable over the long term.

12. The crippling debt burden of many poor countries also called for attention; if Iraq's debts could be forgiven, so could theirs. The enhanced Heavily Indebted Poor Countries (HIPC) Initiative should be speeded up, and in some cases topped up. She welcomed the European Union's Everything but Arms initiative, the African Growth and Opportunity Act of the United States, and similar bilateral initiatives by Japan, Canada, Australia and others. However, there was no substitute for revitalizing the Doha Development Agenda, especially by removing or substantially reducing the agricultural subsidies which stunted growth in poor countries.

13. A renewed commitment at the high-level segment to the Millennium Development Goals and the Brussels Programme of Action would be a first step in preparing for the 2005 review of progress towards implementing the Goals. The review would itself be an opportunity to consider how to strengthen the multilateral institutions in general, and the Council in particular, by improving its capacity to promote policy coherence. Efforts must be coordinated in order to make globalization work for everyone, and especially for those in the poorest nations.

14. **The President** invited Mr. Mathieu Kerékou, President of the Republic of Benin, to give the keynote.

15. **Mr. Kérékou** (President of the Republic of Benin) said that, since Benin held the chairmanship of the Coordination Bureau of the Least Developed Countries, he had the privilege of speaking on behalf of the hundreds of millions of women, children and men in the least developed countries who were living in poverty, but with the hope that the promises made to them of solidarity, justice and peace would be translated into action. He called for greater understanding, sincerity and humanism in trade and in the relations between peoples and States. It was important to know whether the poor nations were refusing the chance to develop, or were being prevented from doing so by a web of mechanisms which confined them to the role of producers of raw materials and consumers of finished products from elsewhere, deprived of an equitable share in the benefits of science and technology.

16. In the Programme of Action for 2001-2010, the international community had espoused the target of reducing the proportion of people living in extreme poverty by half by the year 2015. It must therefore show political will by adopting a specific timetable for action to halt the pauperization and socio-economic marginalization of the least developed countries. The

results so far achieved were not encouraging: official development assistance had not reached the promised level, and the recourse to export subsidies in certain rich countries was undermining the capacity of the least developed countries to sell their products on world markets. The few market preferences they enjoyed were underused because of the obstacles placed in their way, such as health and phytosanitary regulations, the complex procedures imposed by the developed countries under their internal law, and dependence on a single export product. Moreover the least developed countries continued to labour under a mountain of debt, which hampered their capacity to provide social protection for their populations, exposed vulnerable groups to greater risk, aggravated conflict and left the ravages of HIV/AIDS unchecked.

17. The Coordination Bureau for the least developed countries welcomed the choice of theme for the high-level segment, and looked forward to a thorough and realistic debate which would identify clearly the problems faced by the least developed countries. Cutting by half the numbers living in extreme poverty by 2015 would require integrated global action taking account of social, human and environmental factors. The developed countries should increase official development assistance (ODA), promote foreign direct investment (FDI) and debt forgiveness, open their markets to the products of the least developed countries and enable them to gain access to medicines at lower cost. At the same time, those countries themselves must make significant progress in good governance, in respect for legality and the fight against corruption, in decentralization, and in public participation in the national development process, without discrimination based on ethnicity, gender or creed. The future of the developed nations themselves was indissolubly linked to the fate of the least developed countries. He concluded by appealing for a world crusade against hunger and poverty to improve the lot of the poorest peoples.

18. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs) said that the world economy was now growing faster than it had for several years. Gross world product was expected to grow by 3.75 per cent in 2004 and 3.5 per cent in 2005, compared with 2.7 per cent in 2003. The countries experiencing the most rapid growth were those with economies in transition. China and India, the two most populous developing countries, were emerging as engines of growth for the world economy as a whole, thereby reducing the vulnerability which stemmed from overreliance on the United States. The international economic environment was favourable to growth, with low domestic inflation and improved macroeconomic balances, except in the developed countries. The developing countries had been benefiting from recovered international trade flows, rises in the international prices of many commodities, increased net capital flows and the relatively low costs of external financing. As a group, the least developed countries had grown faster than other developing countries since 2000. A few of them, including several of the largest ones, had achieved the 7 per cent target rate of growth called for in the Brussels Programme of Action. However, several smaller ones had regressed in 2002-2003, and in that period the number in which gross domestic product (GDP) had declined exceeded by at least 3 per cent those in which it had risen. The least developed countries had been partly insulated from downward trends in the global economy by their limited integration into the world economy, and their heavy dependence on commodities had proved a temporary asset because of the buoyancy in commodity prices. Growth in Bangladesh had been especially strong.

19. However, the current strength of the global economy remained largely cyclical, and the period of accelerated growth in many economies would soon come to an end. Policy makers must therefore endeavour to sustain growth by keeping policy stimuli in place for the right length of time. They might need to take pre-emptive measures against the risks to growth which would occur if the surge in oil prices continued. The current favourable conditions should be used to address weaknesses at all levels, by reducing global external imbalances and internal domestic imbalances, and private-sector debt.

20. Action in fighting poverty and attaining the Millennium Development Goals fell short of what was needed. It was crucial to make progress on aid, trade and debt, and he hoped the discussions in the Council would generate the extra political will to ensure decisive action in those areas.

21. **Mr. Ricupero** (Secretary-General of the United Nations Conference on Trade and Development) said it was estimated that if current trends persisted those living in extreme poverty in least developed countries would increase from 334 million in 2000 to 471 million by the year 2015. Moreover, only a few of

those countries were likely to reach their targets for the reduction of mortality rate, hunger and access to safe drinking water. Low levels of income and savings hampered domestic resource mobilization in the least developed countries since the net disposable income per capita available for private capital formation, public investment and vital services amounted to US$ 0.15 daily. On the basis of domestic resources alone, it was impossible for least developed countries to lift themselves out of poverty. Alternative sources such as ODA, remittances, FDI, trade and debt relief had improved for the most part, but were insufficient, unstable, and concentrated in a few countries. Trade activity, particularly with regard to merchandise export from least developed countries, had shown promise, although the bulk of earnings from such products was distributed unevenly among five countries. Real annual GDP, growth per capita had exceeded 3 per cent in 14 countries but had stagnated or declined in 24 others, and only seven countries had reached the target growth rate set under the Brussels Programme of Action.

22. Balanced economic performance and poverty eradication in the least developed countries required the incorporation of three indispensable pillars into a dynamic framework. The first pillar was a development strategy capable of mainstreaming both trade and development within poverty eradication. It required growth in agricultural productivity, export-led industrialization of processed agricultural products, diversification through management of mineral resources and employment-intensive technologies. The second pillar depended on improvements in the international trade regime to reduce international constraints on development in the least developed countries. With respect to commodity dependence, there should be three main priorities: the phasing out of certain agricultural support measures in Organization for Economic Cooperation and Development countries; initiatives to ensure greater international transparency in revenues from oil, gas and mineral exploitation; and the adoption of measures to reduce vulnerability to price shocks. The third pillar was the provision of financial and technical support for the promotion of production and trade capacities. It was a matter of concern that assistance to least developed countries had increasingly shifted away from production and infrastructure to basic human and social needs. Commitments in support of trade policy formulation and trade development in the least developed countries totalled only 0.5 per cent and 1.5 per cent, respectively, of total aid. There was therefore a strong case for using HIPC assistance for the development of productive sectors and for ensuring that the granting of further debt relief was consistent with the development of productive and trade capacities.

23. The fact that the poorest countries in the period 2000-2002 had had a real average annual GDP growth rate of almost 5 per cent, or real per capita GDP growth of 2.6 per cent per annum, representing 1 per cent more than the rest of the developing economies, meant that development in least developed countries was by no means an impossible dream. Resources could be mobilized and channelled into productive uses through the adoption of appropriate strategies and a friendly environment. That would require a new international covenant based on solidarity. It would be futile to fight the symptoms of threats to peace and security without addressing their deep-rooted causes, such as the subsidies that threatened the economies of some of the poorest countries in West Africa. The international community should make a commitment to remove the biases, imbalances and distortions that made the current road too steep for the weak to climb.

24. **Mr. Carstens** (Deputy Managing Director of the International Monetary Fund (IMF)), in acknowledging the daunting challenge of achieving the Millennium Development Goals and of mobilizing the resources necessary for poverty eradication, said that vigorous efforts by all parties, donor and recipient countries, United Nations agencies, trade institutions and the international financial organizations would be crucial in order to prevent shortfalls. The economic climate for intensified effort was, however, favourable. The Fund had a projected accelerated recovery in the world economy that would nevertheless require the adoption of significant measures to ensure sustainable recovery. It was heartening to note that GDP growth in sub-Saharan Africa, excluding South Africa, had risen to 4.4 per cent in 2003 and was expected to grow at an even faster pace in 2004. That setting laid the groundwork for durable global growth and enhanced support for the Millennium Development Goals. The crucial steps to be taken towards sustainable global recovery must include an orderly resolution of lingering physical and external imbalances, a timely, pro-development outcome to the Doha Round, and increased aid commitments.

25. It remained to be seen, however, whether the international community was taking decisive enough

steps in those directions. IMF remained fully committed to the Monterrey Consensus and to helping member countries raise economic growth and reduce poverty by establishing a sound macroeconomic policy frameworks and institutions. Through a wide range of activities, it tried to determine how best it could assist in implementing the strategy outlined in Monterrey. It was striving to improve its tools of surveillance and policy advice, technical assistance and financial support to ensure the achievement of growth, employment and poverty reduction objectives of individual countries. The international community should focus on helping countries to effectively implement their own strategies, for which the key operational framework remained the poverty reduction strategy paper.

26. He outlined the Fund's work in strengthening macroeconomic policies, capacity-building in the administration of additional financing, including inflows of aid, and encouraging countries to adopt trade policies that were in their best interests. In assisting countries to build technical capacity and strengthen institutions, the Fund continued to reinforce its technical assistance and training programmes, including its work carried out in regional technical assistance centres.

27. Debt relief was yet another critical component of assistance to low-income countries. Thirteen eligible countries had benefited from a permanent write-off of a substantial proportion of their debt to multilateral institutions as well as bilateral donors. An additional 14 countries were receiving interim debt relief and the HIPC Initiative had already led to higher government spending on poverty reduction in many countries.

28. The achievement of the Millennium Development Goals required action on a broad front, since without macroeconomic and structural reform and trade liberalization, additional aid would achieve little. The Fund was committed to making a contribution to the common effort of the international community to advance in all those areas. It would continue to focus its support on activities within its core mandate, endeavouring to ensure that they complemented the work of the other partners and were country-specific.

29. **Mr. Goldin** (Vice-President for External Affairs, Communications and United Nations Affairs, World Bank) said that the high-level segment created a further opportunity for finance and trade institutions to share their views with the Council and to engage in a broad analysis of international economic cooperation. He had listened with interest to the keynote address, in which the President of Benin had described the progress made by the least developed countries in honouring their side of the Monterrey agenda, and he looked forward to the comments to be made by the representative of the International Labour Organization on the elements for creating fair and inclusive globalization.

30. Looking at development from the viewpoint of the least developed countries helped to create an important road map for the work of participants. The World Bank had worked to assist the poorest countries in all seven areas covered by the Brussels Programme of Action. The International Development Association (IDA) continued to provide low-income countries with long-term, concessional loans and full grants for programmes that built the policies, institutions, infrastructure and human capital needed for equitable and environmentally sustainable development. The goal of the Association was to reduce inequalities by allowing more people to participate in the mainstream economy. In the fiscal year 2003, IDA commitments had totalled $7.4 billion and disbursements $7 billion. New commitments for the current fiscal year comprised 141 new operations in 56 countries. The discussions on replenishment would soon take place in Hanoi, and the World Bank was urgently seeking increased financing. Countries emerging from or still involved in conflict were unable to effectively absorb IDA resources. Cooperation with the United Nations system was therefore vital in fulfilling the Bank's obligations to countries in difficult circumstances.

31. The unprecedented achievements of today's world were unfortunately matched by the dire poverty that afflicted most of the planet. Although the proportion of people living in extreme poverty in developing countries had dropped by almost half between 1981 and 2001, or from 40 to 21 per cent of global population, and despite rapid economic growth in East and South Asia, prospects were dismal in many other parts of the world. Statistical analysis strongly suggested that the biggest gains occurred where growth and trade coincided with sustained efforts to develop human capital and foster a sound investment climate. Vigorous and comprehensive development policies and actions were necessary to ensure that benefits reached their intended targets.

32. Explicit social investments were needed to achieve the Millennium Development Goals, with

special focus on social inclusion and investment in human capital, environmental degradation and the Monterrey commitments. Market access was also vital to poverty alleviation, since it had been established that the poor suffered the most from protectionism. The World Bank would continue to focus on the implementation of commitments and harmonization and would seek to deepen partnerships. The execution of the sound policies developed in Monterrey, Doha and Johannesburg required global coherence at the country level and among the Bretton Woods financial institutions, and the time was ripe for action.

33. **Mr. Rana** (Deputy Director-General of the World Trade Organization) said that, apart from trade liberalization, the multilateral trading system embodied in the World Trade Organization (WTO) was concerned with rules to provide for stability, predictability and security, ensuring that governments adhered to agreed limits and helping poor countries to reap the full benefits from international trade. Since 1948, tariffs in the industrialized world had been cut by more than 80 per cent and trade growth had mostly outpaced international output. Nevertheless, many barriers to trade remained.

34. The link between trade and development was now well established, and the importance of this link had been reiterated at successive international conferences. The current Doha Round was the first set of multilateral trade negotiations in which the needs and interests of developing countries had been officially declared a priority. These negotiations were at a crucial stage and WTO members were working hard to secure, by the end of July 2004, a framework package which would better define how to address the issues of particular importance to developing countries. The July framework was indispensable for a successful outcome to the negotiations and the stakes were exceedingly high. For the first time, there was hope for achieving substantial reform in trade in agricultural products. If it were possible to make progress in negotiations on cotton, important opportunities would surely arise in other areas such as market access for non-agricultural products and trade in services. Never before in the history of multilateral negotiations had issues of importance to developing and the least developed countries been given such prominence as in the Doha work programme.

35. In agriculture, the prevailing view was that least developed countries should be exempted from commitments to reduce tariffs and given preferential market access. In non-agricultural market access areas, least developed countries were not expected to apply any reduction formula to their tariffs or to take part in any sectoral approach. Other actions in favour of least developed countries included the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and Public Health adopted in 2003, as well as initiatives to enhance capacity-building and technical assistance, including the Integrated Framework and the Joint Integrated Technical Assistance Programme (JITAP).

36. For many developing countries and most least developed countries, supply-side constraints remained a fundamental challenge. Although the role of WTO in directly addressing such constraints was somewhat limited, cooperation with other agencies could make a richer contribution in helping governments to address those supply-side constraints. Mobilizing and securing resources for development required sound economic policies and good governance at domestic levels. It also required enabling environments for the private sector and for foreign investment. At the international level, developed countries must live up to their promises on aid and debt relief.

37. **Mr. Somavia** (Director-General of the International Labour Organization), commenting on the report of the World Commission on the Social Dimension of Globalization, prepared under the leadership of the presidents of Finland and the United Republic of Tanzania, said that it was based on dialogue between 26 personalities with different outlooks, interests and experiences. The report was critical, stating that the benefits of globalization were not reaching the people and that the present path was not politically sustainable. It was also positive, maintaining that the point was not to stop globalization, but to manage and shape it within open economies and open societies. The report contained proposals for action across a broad front of interconnected policies. Most of its recommendations were based on ongoing work in different organizations and were feasible and realistic. It was an action plan for achieving the common goal expressed in the Millennium Declaration of ensuring that globalization became a positive force for all the world's people. It took to heart the Brussels Programme of Action, which had no hope of being implemented unless fair globalization was built.

38. In its recommendations, the Commission pointed out, first, that all efforts needed to begin at home. It

was necessary to reinforce local communities and markets where people lived and wanted to stay, if given the opportunity. There could not be a successful globalization without a successful "localization". National policies mattered in all countries, developed and developing. Implicit in national ownership was the recognition of diversity by the international community. Developing countries needed sufficient policy space to define their own sequencing and priorities for integration into the global economy and had a number of choices open to them, including a strong and effective State, productive and efficient markets; and honest, open and well-functioning public and private sectors. There must also be widespread participation and dialogue, respect for freedom of association and gender equality, and an enabling environment for investment and enterprise creation.

39. Secondly, there was a need for fairness: fair rules of the game and fair outcomes. There was a feeling by many observers that globalization had developed in an ethical vacuum based on a "winner-take-all" mentality. In that respect, the Commission's report reinforced the Declaration issued at the eleventh session of UNCTAD on least developed countries. Specifically, it recommended substantial reductions in unfair barriers to market access, a more consistent and coherent framework for foreign direct investment and competition policy, a level playing field complemented by fair rules for the cross-border movement of people, and respect for core labour standards. Special and differential treatment was applicable not only to trade and finance, but beyond.

40. Thirdly, in the area of financing for development, apart from calling for higher ODA levels and more decided action on debt relief, the Commission was encouraging consideration of new and additional sources of funding. The report stressed that incentives offered in the competition between developing countries to attract foreign direct investment drained much-needed tax revenues. That could be reversed through balanced cooperative arrangements, possibly beginning at the subregional and regional levels. The report also addressed issues of migration, including tax incentives for migrants to reinvest back home, and the channelling of development assistance to enhance the productive capacity of countries.

41. Finally, the report's recommendations touched on policy coherence and recommended the launching of a policy coherence initiative focusing on sustainable growth, investment and employment among relevant international organizations.

42. In short, the Commission saw decent work as the means to eradicate poverty and fair globalization as the external enabling environment for development. It maintained that global governance needed to be upgraded and that follow-up was a priority. If the recommendations of the Commission, debated and enriched, were carried out within a reasonable period of time, globalization in its current form would change significantly for the better.

43. **Mr. Al-Mahmoud** (Qatar), speaking on behalf of the Group of 77 and China, said that, it was heartening to note that while some least developed countries had achieved a real growth rate of 7 per cent — the rate required to attain the overarching goal of the Brussels Programme of Action — a large majority still lagged far behind. Moreover, many of those that had achieved real growth would not be able to sustain it if their existing structural weaknesses persisted. Furthermore, informal assistance, the external debt, trade and commodities had not received comprehensive attention. ODA continued to be the main source of external finance for least developed countries. Indeed, despite some improvement in informal assistance, ODA was still much lower than the agreed upon goal. There was a general consensus that unofficial development assistance should be given in the form of grants rather than loans. Noting that a large number of least developed countries still had heavy unsustainable debt burdens, he wondered whether the HIPC initiative offered long-term solutions to the debt problem. Another issue which had undoubtedly contributed to entrenching the debt problem in many least developed countries was that of commodity price instability.

44. **Mr. Kitt** (Ireland), speaking on behalf of the European Union, said that the Council's review of current global economic developments must pay particular attention to the current situation in the least developed countries. Many of the issues on its agenda had also featured prominently at the UNCTAD meeting in Sao Paolo, where a very high level of agreement and cooperation between all participants had been achieved.

45. It was clear from the UNCTAD report on least developed countries, from the analysis of the Department of Economic and Social Affairs and from World Bank surveys that economic growth in the least developed countries was not high enough to sustain

development and generate resources for future investment, which meant that most of those countries, especially in sub-Saharan Africa, were now seriously off track in their efforts to meet the Millennium Development Goals. The Council's discussion of that situation should focus on four key points.

46. First, the impact of HIV/AIDS on the development of many least developed countries must be discussed. Referring to recent research findings on the impact of various AIDS prevalence rates on economic development, he said that the relationship between the spread of AIDS and future economic growth and development was still not fully understood, nor were there any comprehensive strategies for dealing with the economic and social impact of HIV/AIDS in high-prevalence least developed countries. There was also a need to factor HIV/AIDS levels into HIPC initiatives. Indeed, the impact of the disease on a country's capacity to repay debt must be taken into account in calculating sustainable debt levels. In other words, HIPC and future work on sustainable debt must be based far more on human development indicators than on pure economic indicators, such as debt-to-export ratios. Secondly, donors should do more to tell the private sector in developed countries about the opportunities that were arising in least developed countries. The Everything but Arms initiative of the European Union, the United States African Growth and Opportunity Act and other similar measures, coupled with investor-friendly regimes and improved governance, made many least developed countries an increasingly attractive investment opportunity. The international community needed to hear more about successful investments in least developed countries in order to dispel the poor international image of those countries.

47. Thirdly, while he agreed with the suggestion made at the eleventh session of UNCTAD that trade should be mainstreamed into poverty-reduction and other national development strategies, that was easier said than done. The second generation of poverty-reduction strategies might need to be rebalanced and more attention needed to be paid to the growth-producing sectors of the economy than the social sectors. However, he agreed that the social sectors were central, since without a healthy and educated workforce any efforts to achieve high growth rates were bound to fail. However, the poverty-reduction strategy papers must also pay more attention to private-sector-led growth, to investment strategies and export promotion, to better and less regulation, to infrastructure and to key agricultural sectors. Finally, it was important to ensure the successful conclusion of the Doha Round while also ensuring that least developed countries had all of the gain and none of the pain.

48. **Mr. Nielson** (Commissioner for Development and Humanitarian Aid, European Commission) said that, having hosted the Third United Nations Conference on the Least Developed Countries in May 2001, the European Union now welcomed the opportunity to take stock of the progress and to discuss how best to improve resource mobilization. Since 2001, European Union programmes had been focusing more on poverty eradication and the achievement of the Millennium Development Goals. That policy shift for the implementation of community assistance could clearly be seen in the way Union resources were allocated. In 2003, 41 per cent of its ODA disbursements worldwide had gone to low-income and least developed countries. In 1999, that share had been only 34 per cent. For the Commission to go even further, he personally was working to make its resource-allocation criteria increasingly needs-based.

49. On the whole, the European Union was delivering on its pledges to increase the volume of ODA. Based on the current forecasts and road maps, a total of more than 19 billion euros of additional ODA would be made available over the period 2003-2006. The annual ODA effort by European member States would progressively increase to 38.5 billion euros or 0.42 per cent of their total gross national income in 2006. While the pledge in Monterrey had been to move from the aggregate average of 0.33 per cent to 0.39 per cent by 2006, the European Union had actually been able to increase that figure to 0.42 per cent. An increasing number of member States had also identified a year by which they would reach the United Nations 0.7 per-cent-of-GDP target and the Commission was strongly encouraging the rest to follow suit. The Commission would monitor developments systematically as a way of applying peer pressure to produce progress.

50. Over the past year, the European Union had been addressing specific challenges through new approaches, such as the recent decision, with a group of African, Caribbean and Pacific (ACP) countries, to allocate 500 million euros to create a water facility which would serve as a springboard for forging new partnerships to improve access to water and sanitation.

The next such goal could be a facility for energy. An African peace facility had also been created and funded with 250 million euros. Since schools and roads could not be built while conflicts raged, support for peacekeeping must be seen as an integral part of fostering development. The peace facility would provide the African Union with the financial muscle to back up its political resolve with concrete results. That, in turn, should increase African solidarity and ensure that peace and stability benefited the continent as a whole. Currently, the peace facility was active in funding 60 per cent of the monitoring of the ceasefire in Darfur. Also, substantial contributions to the global fund for AIDS, malaria and tuberculosis had been made. In 2003, the European Commission had increased its total pledge to the global fund from 120 to 460 million euros, thereby reflecting the priority it attached to health and HIV/AIDS.

51. Much had also been achieved in trade and development since 2001. Rather than fashioning trade policies to integrate developing countries into world markets, he believed that since the least developed countries were already an integral part of the global economy it was the terms of their trade flow and the role they played in the world economy that needed to change. Integration could also be seen as diversifying and adding value to activities in the global marketplace. The commitment to putting trade at the service of poverty reduction which the Commission had demonstrated in recent years by opening up European markets to the least developed countries, was yielding benefits in terms of increased exports from the those countries to Europe. He hoped that the next generation of economic partnership agreements currently being negotiated with the ACP countries would be aimed at combining trade and aid policies in a new way. Given that regional integration ran parallel to the multilateral negotiations conducted in WTO, the least developed countries must be spurred into integrating with their regional neighbours, building institutional capacities and applying principles of good governance. As the largest trading block in the world and one of the main stakeholders in the Doha Development Agenda, the European Union remained acutely aware of the need to address the situation in commodity-dependent countries more generally. He looked forward to participating in the decision-making in the European Commission on the important issue of sugar.

52. **Mr. Gallegos Chiriboga** (Ecuador) said that the general world economic outlook seemed to be very positive in the light of the 4.8 per cent growth rate, which was the highest in the last 20 years. Given the dynamism that had characterized demand from Asia and the United States, world trade could be expected to grow by 7.9 per cent in 2004. However, certain recent events could have an adverse effect on a number of countries dependent on foreign savings. Currently, the fact that international liquidity was beginning to contract as a result of the foreseeable growth in interest rates in the United States would mean that financing would become more expensive, which would have an impact on economic growth. That effect would be reinforced by the projected drop in the demand for imports from the United States and China in 2005 and reduced demand from OECD countries as well as changes in the prices of certain commodities. Higher financing costs would also mean a heavier debt-service burden, making matters worse for HIPC countries. In short, despite the strength of economic growth, the level of exposure in those countries having high financial needs and greatly dependent on foreign savings would increase. In stark contrast to cooperation expenditures, recent figures of the World Bank showed that the amount spent on weapons was of the order of $90 trillion.

53. **Ms. Tamwin** (United States of America) said that faster global growth was expected in 2004 and 2005 than in any two-year period since the late 1970s. The major reason was the sharp rebound in the United States economy, which had grown at about five per cent over the last four quarters, faster than in almost 20 years. While stronger global growth was in her country's as well as in the world's interest, more work was needed to render growth broad-based and sustainable and less reliant on a single engine.

54. As was apparent from the discussions at the recent G8 meeting in Georgia, the United States and other development partners were fulfilling their commitments to global economic growth, sustainable development and poverty eradication. Her country welcomed the recognition that ODA was increasing. The Secretary-General had noted that in 2002, net resource flows to least developed countries had amounted to some 17 billion dollars; a record level and a 35 per cent increase over 2000. President Bush had pledged that the United States would lead by example and increase its core development assistance by 50 per

cent over the next three years, resulting in an annual increase of five billion by fiscal year 2006. By establishing the Millennium Challenge Account, President Bush had created a new compact for global development defined by new accountabilities for rich and poor nations.

55. Greater contributions from developed nations must be linked to greater responsibilities from developing nations. To be eligible for the new monies, nations must root out corruption, respect human rights and adhere to the rule of law. They must invest in their people by improving their health-care systems and their schools. They must unleash the energy and creativity necessary for economic growth by opening up their markets, removing barriers to entrepreneurship and reducing excessive bureaucracy and regulations. A number of least developed countries were among the first batch of eligible countries.

56. Ambitious policies of global liberalization were called for in the area of trade. The stakes were high, especially for the developing world: the World Bank had estimated that the elimination of trade barriers could result in a gain of over $500 billion for developing countries. A global reduction in barriers to trade could help deepen, broaden and extend the current global economic expansion. Her country hoped to conclude negotiating frameworks for agriculture, goods and services by July under the Doha Development Agenda, and it was supporting exports from Africa through the African Growth and Opportunity Act (AGOA). AGOA-related trade and investment had created over 190,000 jobs and over $340 million in new investment in Africa. Africa's apparel exports had doubled. AGOA was also stimulating intra-regional trade, which was critical to Africa's economic development. As a key part of the President's effort to open markets and to promote economic growth and development in the poorest areas of the world, AGOA remained a cornerstone of United States policy towards Africa.

57. Creating an environment of economic freedom that allowed private businesses to flourish should be a much higher priority on the development agenda. The United Nations Commission on Private Sector and Development had stressed that poverty alleviation required a strong private sector. It was the source of growth, jobs and opportunities for the poor. The Commission's report made interesting reading and her country would like its conclusions to be highlighted in the ministerial declaration.

58. Developing countries needed to create the conditions in which entrepreneurs could build successful businesses and families could access formal financial markets at reasonable prices. But businesses thrived only when countries provided transparent regulatory and legal frameworks; if they lowered the barriers to starting and operating companies and provided adequate infrastructure. The recent G8 meeting had agreed that the World Bank and regional banks should work to improve investment climates and direct more resources to the private sector. In particular, one of the activities highlighted was the work of the World Bank to identify quantitative indicators for the costs and benefits of business regulations across countries.

59. The G8 had also focused on the flow of remittances, which remained a tremendous source of capital and flowed directly into the hands of consumers and households in the developing world. Reducing the roadblocks for people sending money back to their families involved identifying and removing barriers that slowed the flow of remittances, made transactions expensive or encouraged money to flow through informal channels. Improving access to financial services and infrastructure was particularly important. The Monterrey Consensus had made it clear that achieving lasting development required the deployment of all relevant resources and the use of the private sector as a vital engine of economic growth, job creation and poverty reduction. Her delegation strongly believed that enabling the private sector to help poor people prosper should become systematically integrated into development assistance efforts.

60. **Mr. Garcia Gonzalez** (El Salvador) said he wished to know the views of the panel regarding the impact of the high cost of oil on the economies of both least developed and middle-income countries.

61. **Mr. Neil** (Jamaica) welcomed the reported improvement in the global economic outlook as a result of continued growth in the world's largest economies. While the report showed that that improvement was almost universal, there were some differences in economic strength, with implications for the continuance of balanced growth and the reduction of income gaps between developed and developing countries. The sustainability of macroeconomic

policies in the major economies, which had been the locomotive for the global recovery, was being threatened by growing inflationary pressures and fiscal imbalances. Ongoing recovery might well be stalled unless those economies managed growth, stabilized inflation and corrected macroeconomic imbalances. He was concerned about the effect of rising oil prices on geopolitical stability, civil conflict and international terrorism.

62. While the outlook for trade in certain metals and mineral resources was bright for some countries, the same was not true for agricultural products, on which a vast percentage of the world's poor depended. To enable the developing countries to benefit from the global economic recovery, greater efforts had to be made to introduce arrangements conducive to their integration in the world economy.

63. **Mr. Chowdhury** (Bangladesh) said that, only when Bangladesh had taken control of its destiny by relying on innovative, domestically spawned ideas like microlending to the informal sector and on products of its own non-technological or intellectual resources, had it been able to bring about what the World Bank had called "a quiet revolution in societal transformation". The national civil society organizations, which exceeded 20,000 in number, had been critical to that process, demonstrating the need for a close partnership between civil society and the Government. It was also necessary to build a strong middle class, to empower women, to alleviate the poverty of the poorest, to have a participating vibrant civil society in development, and to create democratic and pluralistic institutions. Development changes must be effected from within and could not be imposed from outside. If it stayed on course, Bangladesh would be in a position to achieve the Millennium Development Goals ahead of time.

64. The United Nations and other multilateral organizations must provide social programmes for failed and failing States. Africa, which must remain the focus of attention, might well benefit from peer policy reviews conducted on a voluntary basis. The experience of Bangladesh showed that development even among least developed countries remained possible, provided that their initiatives were buttressed by external support.

65. **Mr. Gopinathan** (India) said that there was a need to anticipate the outcome of the eleventh session of UNCTAD and to help developing countries to find their own development path. There were inevitable linkages between the trade, money and finance, the social dimension, employment and productive work, just as there were links between the global and the local. The World Commission had come up with recommendations for making globalization fair and equitable. It had recognized that an effective and strong democratic State was important in that task and had suggested non-confrontational ways in which the international community could address the challenges posed by globalization by making it more inclusive and enhancing its positive aspects.

66. The World Commission's report also seemed to underline the need for improved decision-making in the international trade and financial institutions and for extension of the special and differential treatment to areas beyond trade, money and finance. He wondered how the intergovernmental bodies of the United Nations would proceed with the consideration of the recommendations, especially those addressed to member Governments and to the bodies of the United Nations system. He also sought to know how the consideration of the report by the Economic and Social Council and its functional commissions, and subsequently the General Assembly, could contribute to the 2005 event for the comprehensive review of the implementation of the Millennium Declaration.

67. **Mr. Gambari** (Under-Secretary-General and Special Adviser on Africa) said that Africa's renaissance was reflected in the vision behind the New Partnership for Africa's Development (NEPAD), which was based on the twin pillars of ownership by Africans and partnership with the international community. In that regard, African countries had undertaken to integrate the priorities of NEPAD into their national development programmes and poverty reduction strategies. Those priorities, which included agriculture, infrastructure, market access, human resource development, and HIV/AIDS, were in many ways the same as the priorities of the Millennium Development Goals. The challenge would be, not only to ensure that United Nations agencies and programmes were well informed about NEPAD policies, priorities and procedures, but to elicit their support in the form of greater coordination and coherence. Examples of progress in the implementation of NEPAD priorities included the fact that, following the approval in 2003 of the Comprehensive African Agricultural Development Programme by the African Ministers of

Agriculture in Maputo, the NEPAD Secretariat had speeded up implementation of the African agenda for agriculture. NEPAD had developed an African Peer Review Mechanism to deal with issues of transparency, accountability and good governance at the policy level and also at the economic and corporate governance levels; 19 countries were voluntarily subscribing to peer reviews.

68. Progress in the peace and security sector included the recognition that there could be no development without peace and the consequent establishment by the African Union of the Peace and Security Council. Commendably, the European Union was to provide between 300 and 400 million euros to help in developing an African standby force capable of intervening to restore peace and security in the continent.

69. The World Bank and the African Development Bank were accelerating the pace of project preparation and implementation in the area of infrastructure development. The World Bank had approved funding for two major projects: the Southern African Power Market Project and the Southern African Regional Gas Project. In general, African countries were seeking, assistance from the international community in four areas: debt relief and the stabilization of commodity prices; an increase, not just in the quantity of official development assistance, but also its quality; coherence in terms of trade and aid policies of development partners; and support for the special needs of countries emerging from conflict. He suggested that a review of recent practices in demobilization, disarmament and reintegration might be conducted to assess their contribution to stability and development in Africa.

70. **The President** thanked all participants for their contribution and drew attention to the questions raised. She then invited the Secretary-General of UNCTAD and the Director-General of ILO to respond.

71. **Mr. Ricupero** (Secretary-General of United Nations Conference on Trade and Development) said that it was difficult to address the issue of oil prices, when no policy existed to stabilize commodity prices. It was plain that there were two main factors at play: the deterioration of the political situation in the Middle East, the lack of solutions in Iraq, terrorism in Saudi Arabia and the conflict in the Middle East; and the fact that the oil market was characterized by growing scarcity

72. **Mr. Somavia** (Director-General of the International Labour Organization), replying to questions about the report of the World Commission on the Social Dimension of Globalization, said that there were different levels of follow-up action. One was national policy coherence with respect to the issues that globalization raised. Such coherence would enable the issue to be addressed internationally. As it was by an independent commission, the report was able to make recommendations to a wide array of organizations. Within the United Nations common system the report might constitute an input to the review in 2005 of the Millennium Development Goals. Because the Millennium Declaration addressed the issue of globalization, the report had done the same. Globalization should benefit more people and the report provided a set of proposals on how that could happen.

*The meeting rose at 1.08 p.m.*

United Nations

E/2004/SR.17

# Economic and Social Council

Provisional

11 August 2004

Original: English

**Substantive session of 2004**
High-level segment (*continued*)

**Provisional summary record of the 17th meeting**
Held at Headquarters, New York, on Monday, 28 June 2004, at 3 p.m.

*President*: Ms. Rasi........................................................ (Finland)

## Contents

**Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 (*continued*)**

**Corrections to this record should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent *within one week of the date of this document* to the Chief, Official Records Editing Section, room DC2-750, 2 United Nations Plaza.**

*The meeting was called to order at 3.05 p.m.*

## Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 (*continued*)

### *Investment Promotion Forum*

1. **The President**, after declaring open the Investment Promotion Forum, said that the current meeting was the culmination of a number of preparatory events that had brought together ministers and other high-level representatives of Member States, United Nations agencies, funds and programmes and representatives of civil society and the private sector. Among the elements highlighted during those events was the crucial role of foreign and domestic investment in stimulating greater and more equitable growth in the least developed countries so that the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 (Brussels Programme of Action) and the Millennium Development Goals could progress significantly. In a world of liberalized global markets where the private sector drove economic growth, a drastic increase in investment and entrepreneurship was required in order to enhance economic development, job creation and poverty reduction. Solutions to poverty, environmental degradation and other challenges could be found only if the private sector was involved, and the growing engagement of the business community in the work of the United Nations was therefore to be welcomed.

2. The Council had been a lead player in that area. As a result of its role in promoting and facilitating partnerships among Governments, international organizations, civil society and the business community, the Council was developing into a policy coordinating body and strategic platform where policy-making on key issues took place. Results of its recent high-level segments illustrated that point: in 2000, the Secretary-General had established the Information and Communication Technologies Task Force to mobilize information and communication technologies in the service of development; in 2001, the Council had organized a private sector forum to provide a better understanding of the needs and means of public and private partnerships in African economies; and the idea for the Public-Private Alliance for Rural Development had arisen out of the high-level segment held in 2003.

3. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs) observed that the best means of reducing the number of people living in poverty was the mobilization and productive use of adequate resources through investment and job creation. Foreign and, particularly, domestic investment were the key to accelerating growth. Least developed countries, however, faced the greatest obstacles when seeking productive investment because their capacity for domestic savings was limited and structural impediments in their economies often deterred foreign investment.

4. It should be underscored that the least developed countries as a group had, since 2000, grown faster than other developing countries. According to forecasts by his Department, that situation would continue in the immediate future, which suggested that higher investment was possible in such countries. There were, however, wide variations in the performance of least developed countries. Oil exports had had a positive effect on growth in some countries, while conflict had adversely affected long-term progress in others. A few countries had been able to achieve the 7 per cent growth rate called for in the Brussels Programme of Action; however, in both 2002 and 2003, the number showing a decline in per capita gross domestic product had been greater than the number showing a minimum increase of 3 per cent, which was the United Nations "poverty alleviation threshold".

5. A decisive and concerted effort would be needed to raise all least developed countries to that benchmark. The purpose of the Investment Promotion Forum was to discuss ways to achieve that objective, bearing in mind the need to sustain and substantiate the partnership forged in the Brussels Programme of Action. The business sector and civil society had shared responsibilities as partners in development; their command of capital and strong advocacy in favour of the poor, respectively, could be combined to create growing prosperity. Some poor countries had been successfully connected to the global economy through foreign direct investment. Yet while such experiences should be built upon, there was no room for complacency. If the targets of the Brussels Plan of Action and the Millennium Development Goals were to be met, intentions must be turned into results through more international assistance. Otherwise, the common

goal of eradicating extreme poverty would remain unfulfilled.

6. **Mr. Chowdhury** (Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) stressed that the establishment in 2002 of the Office of High Representative at Headquarters reflected the unequivocal support of the United Nations for least developed countries and their concerns. His Office undertook global advocacy and mobilized international support for those countries and conducted annual reviews of the implementation of the Brussels Programme of Action. It was therefore immensely satisfying that the Council was devoting such high-profile attention to least developed countries, and he hoped that the attention would serve to renew the international community's commitment to them.

7. He was delighted to note the presence of so many Ministers and high-level delegates, who had come to participate in the interactive part of the high-level segment. The purpose of that part of the segment was to explore ways to improve the investment climate and the flow of resources to least developed countries. A number of round-table discussions had been scheduled to tackle domestic and foreign investment issues that were of particular interest to least developed countries, such as microfinance and microcredit in private sector development; partnerships in the mobilization of resources; and investment in the urban services sector.

8. His Office was hosting a round table entitled "The role of trade preference in least developed countries in promoting investment". It sought to determine how trade preferences accorded to those countries could generate an increase in the level of domestic investment and how they might be used to attract foreign direct investment, thereby enabling least developed countries to take advantage of market access privileges granted to them by their development partners. He hoped that new ideas and creative proposals would be generated by the afternoon's discussions, which could be channelled into the broader debate on the implementation of the Brussels Programme of Action.

*The meeting rose at 3.30 p.m.*

United Nations

E/2004/SR.18

# Economic and Social Council

Provisional
13 August 2004

Original: English

**Substantive session of 2004**
**High-level segment (*continued*)**

**Provisional summary record of the 18th meeting**
**Held at Headquarters, New York, on Tuesday, 29 June 2004, at 10 a.m.**

*President*: Ms. Rasi. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . (Finland)

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**Adoption of the agenda and other organizational matters (*continued*)**

**Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 (*continued*)**

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*The meeting was called to order at 10.15 a.m.*

## Adoption of the agenda and other organizational matters (*continued*) (E/2004/84)

1. **The President** drew attention to document E/2004/84, containing requests from certain non-governmental organizations to be heard by the Council. The Committee on Non-Governmental Organizations had decided to recommend that those organizations should be heard under the agenda items indicated in the document. In addition, the Council had received a request from the Association for Democratic Initiatives to be heard under agenda item 4 (a). In the absence of objection, she would take it that the Council agreed to hear statements from all those organizations.

2. *It was so decided.*

## Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 (*continued*) (E/2004/33, E/2004/54 and E/2004/75 (chap. I))

3. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs), introducing the report of the Secretary-General (E/2004/54), said that since the Council was preparing for the review in 2005 of progress towards the goals of the Millennium Declaration it was entirely appropriate to address the problems of the least developed countries. To achieve the principal goal set in the Brussels Programme of Action, that of substantial progress towards halving the proportion of people living in extreme poverty and suffering from hunger by 2015, the least developed countries would have to attain rates of growth in gross domestic product (GDP) of at least 7 per cent a year, and increase the ratio of investment to GDP to 25 per cent. Only 7 of the 45 countries for which data were available had so far achieved a growth rate of 7 per cent, and most were unlikely to do so. Four key factors were hampering their development: debt, overdependence on a limited group of commodities, inadequate levels of official development assistance (ODA), and the risk of conflict.

4. Under the Heavily Indebted Poor Countries (HIPC) Initiative, 10 least developed countries had managed to reduce their debt burden considerably and had reached the set "completion point", while a further 11 had reached "decision point". However, only 32 of the 50 least developed countries were eligible to participate in that Initiative, and it was far from certain that HIPC countries would be able to service their remaining debts even if given the full debt relief available under it. Before loans were approved, there should be a more systematic analysis of the ability of the borrowing countries to repay them. He therefore welcomed the new debt sustainability framework being developed by the World Bank and the International Monetary Fund (IMF), which emphasized the need for sound domestic policies and institutions as well as adequate instruments to ward off debt servicing difficulties. Where policies were already sound but the level of debt was unsustainable, concessionary loans or grants should be provided. ODA should be reoriented towards grants rather than loans, and the outright cancellation of multilateral and bilateral debts might be the only way to ensure future debt sustainability and adequate financing for achieving the Millennium Development Goals.

5. The economies of many least developed countries remained fragile because of their overdependence on certain commodities and their inability to diversify exports. Prices of non-oil commodities had fallen by more than one third since 1980, while price fluctuations in commodity prices made export earnings unpredictable and had a serious negative impact on development and debt sustainability. The link between commodity price changes and debt sustainability should be closely studied. In addition, all countries should help the least developed countries to diversify their production and exports by providing free market access for their exports and removing tariff and non-tariff barriers, especially for agricultural products. Industrial countries should eliminate subsidies and other trade-distorting measures. For their part, the least developed countries should make effective use of financial resources to build capacity in manufacturing and other sectors. Provided that their shortcomings were eliminated, it should be possible to use international commodity agreements as instruments for combating the excessive price volatility and oversupply which were typical of some commodity markets. The cyclical pattern of commodity prices could be countered, in part, through compensatory financing for shortfalls in export earnings and the introduction of a counter-cyclical pattern of aid flows.

6. Both foreign and direct investment in the least developed countries could be increased through ODA and technical assistance. ODA remained a major source of external finance in countries which were unable to attract any other source. The international community must therefore fulfil the commitment it had made at Monterrey to meet the overall ODA target of 0.7 per cent of gross national product, and the specific target for least developed countries of 0.15 per cent. Support for investment in human development should be kept at a high level, along with a renewed emphasis on creating productive and trading capacity.

7. Eighty per cent of the world's poorest countries had experienced a major civil war in the past 15 years. Lack of development was itself a factor leading to instability and conflict. Least developed countries emerging from conflict needed special measures both for reconstruction and for achieving the developmental goals vital to future stability. It was therefore important that the Council should build upon the new role it had established in mobilizing international support to post-conflict countries. Through integrated and coordinated action by the United Nations system, it could help to anticipate future threats to peace and stability.

8. **Mr. Chowdhury** (Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) said that the theme for the high-level segment was the preferred choice of several regions and specialized agencies. Moreover, the debates on the theme of the high-level segment coincided with the third anniversary of the adoption of the Brussels Programme of Action, which emphasized the need for a more supportive international environment to achieve real poverty reduction in the least developed countries, where, four out of five people were living on one dollar a day. Many least developed countries were in conflict or exposed to repeated natural disasters. The key to implementing the Programme of Action was to combine a supply of financial resources for development with the creation of the necessary policy and regulatory environment, as explained in the report of the Secretary-General (E/2004/54).

9. Real gross domestic product (GDP) in the least developed countries, taken as a group, had been growing faster during the first three years of the new millennium than in the previous decade, and some of them had been performing very well. However, others were performing badly, and in all of them, and especially in non-oil-exporting countries and those dependent on agriculture, it was vital to sustain recent positive trends. In the past three years, the annual average rate of growth of GDP had been less than half the target rate in 22 of the least developed countries, and in 13 of them GDP had actually declined. The least developed countries were caught in a "poverty trap" in which slow growth and low income combined to limit domestic savings, which in turn restricted the scope for increased investment and economic growth. Unless they could achieve the Brussels goals by 2010, the attainment of the Millennium Development Goals by 2015 would be in jeopardy. The least developed countries must keep up their domestic reform efforts with the aim of improving efficiency, transparency and accountability in the administration of public resources and public spending, while creating an effective structure of governance and a business-friendly environment.

10. Domestic policies on aid, investment and trade must be matched by increases in development assistance and investment by the development partners, debt relief, and free and fair trade. Although total net resource flows to the least developed countries had reached almost $17 billion in 2002, representing a 7 per cent increase, two thirds of total ODA growth in that year had gone to four countries: Mozambique, Afghanistan, the Democratic Republic of the Congo and Zambia. The alignment of donor assistance and the harmonization of donor requirements would help to reduce the transaction cost of development assistance and to enhance the effectiveness of aid. The unpredictability of yearly ODA allocations could be offset through commitments to ODA flows for the medium or long term. However, ODA was no panacea in itself. The Enhanced Heavily Indebted Poor Countries Initiative must be speedily implemented and bilateral debts cancelled. Distorting subsidies and high tariffs in industrial countries should be eliminated, to enable producers in the least developed countries to compete internationally. The existing preferential schemes in favour of those countries should be improved by making them predictable in the longer term, extending the range of products covered and introducing more realistic rules of origin.

11. Remittances from migrants were a major source of resource flows for many of the least developed countries. Steps should be taken to enable migrants to

transfer remittances through the formal financial system at reasonable cost, and policy incentives should be introduced to channel the funds to productive sectors. Since much of the trade of the least developed countries took place with other developing countries and had approximately doubled over the past 23 years, South-South cooperation could become an additional source of resource flows. An additional $15.5 billion in trade could be generated if developing countries halved the average tariffs they applied to each other. The least developed countries should be encouraged to take advantage of the third round of negotiations for the Global System of Trade Preferences.

12. In conclusion, he expressed the hope that the ministerial declaration to be adopted at the end of the high-level segment would be genuinely action-oriented.

13. **Mr. Al-Mahmoud** (Qatar), speaking on behalf of the Group of 77 and China, welcomed the impetus which the Council had given to the mainstreaming of the Brussels Programme of Action into the programmes of work of the specialized agencies and multilateral agencies of the United Nations system. Further steps must be taken to enhance cooperation between the least developed countries and other countries at the regional and international levels, to establish effective mechanisms to assess the economic and social performance of least developed countries, and to monitor the implementation of the Programme of Action. The measures set out in the Programme of Action should be acted upon in a manner consistent with the national development policies of the least developed countries. The Council could play a major role in mobilizing the international potential for meeting the targets in the Programme. Although some improvement had taken place in the flows of ODA to the least developed countries, and in increasing access to global markets for the products of those countries, their share of world trade was still negligible. Moreover, their chances of sustainable growth were imperilled by insufficient flows of foreign direct investment (FDI), over-reliance on basic commodities and limited external debt relief.

14. Accordingly, the Group of 77 and China reaffirmed the importance of implementing the Brussels Programme of Action and the Millennium Development Goals, as well as the commitments undertaken in the Monterrey Consensus and at the Doha Conference. For that purpose, the least developed countries must be helped to act with their development partners to build human and institutional capacities, foster a people-centred policy framework, promote good governance and mobilize more financial resources through the private trust funds and from external sources. He commended the efforts made by the office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States to consult with governments, civil society and the private sector in those countries, and with multilateral organizations and donors, to find the best ways of implementing the Brussels Programme of Action. It was important to promote genuine development partnerships, including those with civil society and the private sector, in order to remove the obstacles to implementing the Programme of Action. He urged donor countries to provide free market access for the products of least developed countries, to remove tariff barriers and to clear the way for those countries to compete with others on an equal footing. Donor countries should continue to provide them with the necessary technical support to meet the goals of the Programme of Action.

15. The Group of 77 and China supported international efforts to assist countries emerging from conflict, by providing external debt relief for the heavily indebted poor countries and increasing foreign direct investment, as well as by promoting an enabling environment for poverty eradication, peaceful solutions of conflicts and respect for internationally recognized human rights. The member States of the Council and other partners should address the challenges in mobilizing resources for poverty eradication by reinforcing their determination to fulfil their own commitments and by improving cooperation among the United Nations agencies, the Bretton Woods institutions and the World Trade Organization. The goals and objectives of the Brussels Programme of Action were practical instruments for achieving economic and social development in the least developed countries, and the Group of 77 and China would continue to pursue them.

16. **Mr. Kitt** (Ireland), speaking on behalf of the European Union, the candidate countries (Bulgaria, Croatia, Romania and Turkey) and the stabilization and association process countries (Albania, Bosnia and Herzegovina, Serbia and Montenegro and the former Yugoslav Republic of Macedonia) said that the

principal objective of European Union development cooperation was to support efforts aimed at reducing and eventually eradicating poverty. The sustainable development of least developed countries was, therefore, at the heart of European Union development activities. Having hosted the Third United Nations Conference on the Least Developed Countries in Brussels in 2001, the European Union had a special sense of ownership of its outcome and remained strongly committed to the achievement of its objectives.

17. The European Union was deeply concerned that many least developed countries, particularly, in sub-Saharan Africa, were not making substantial progress towards the achievement of the Millennium Declaration or other internationally agreed development goals. If current trends persisted, the number of people living in extreme poverty in least developed countries would increase from 334 million in 2000 to 471 million in 2015. By that time, assuming current positive progress in Asia continued, the least developed countries would be the major locus of global poverty.

18. Highlighting the main thrusts of the Millennium Declaration and the Brussels Declaration, he noted that current donor practices provided for co-development with partner countries through nationally-owned and nationally-driven planning processes, including country-led and participative poverty reduction strategies. Good governance was essential for sustainable development. Sound economic policies, solid democratic institutions responsive to the needs of the people and improved infrastructure were the basis for sustained economic growth, poverty eradication and employment creation. Freedom, peace and security, domestic stability, respect for human rights, including the right to development, respect for the rule of law, gender equality, market-oriented policies, and an overall commitment to just and democratic societies were also essential and mutually reinforcing.

19. The extent to which a gender perspective was integrated in the planning processes of least developed countries heavily influenced the effectiveness of their national development strategies. Development policies and programmes that failed to fully analyse inequalities between women and men and to identify strategies to address such inequalities would not contribute fully to either the creation of the conditions necessary for sustainable development or to the achievement of the Millennium Development Goals. The European Union reaffirmed that gender equality was a goal in itself and also a path towards achieving the Millennium Development Goals; no strategy for achieving those goals could fail to address women's empowerment as a central concern.

20. Noting that peace and security were fundamental to the development of the least developed countries, he said that the European Union had warmly welcomed the establishment of the Peace and Security Council, which would provide the African Union with a more robust and proactive mechanism to deal with challenges to peace and security, including the promotion of respect for international humanitarian law and the Geneva Conventions. The European Union was committed to strengthening conflict prevention in Africa and had established an African Peace Facility, in the amount of 250 million euros, to help build up African capabilities for addressing and resolving conflicts, including through the deployment of African peacekeeping missions.

21. Another acute concern was the spread of HIV/AIDS in the least developed countries. The European Union, which had been instrumental in establishing, funding and promoting the effectiveness of the Global Fund to fight AIDS, tuberculosis and malaria, was determined to ensure that the Fund promptly disbursed funding in support of programmes directed at prevention and the treatment and care of people living with HIV/AIDS, and that it provided affordable access to medicines and commodities.

22. As the resources devoted to the fight against HIV/AIDS increased, it was important to avoid duplication of effort and lack of coordination, and the European Union supported initiatives designed to coordinate the work of all partners. It also welcomed recent positive developments in relation to the provision of anti-retroviral drugs at affordable prices in the world's poorest countries. In that context, it underlined the importance of the WTO General Council decision relating to paragraph 6 of the Doha Declaration on the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) and Public Health. The European Union undertook to proceed, without delay, with the corresponding amendment of the TRIPS Agreement and its implementation in domestic legislation.

23. Turning to the threats to the global environment, a common concern of all countries, he said that the

least developed countries were particularly vulnerable to a variety of natural shocks and such global environmental phenomena as the loss of biological diversity, drought, desertification and sea-level rise. The European Union was committed to supporting the environmental protection efforts of least developed countries in the context of sustainable development, in particular in achieving the goals set forth in the Johannesburg Plan of Implementation.

24. In January 2004, the European Union Council of Ministers had reaffirmed that, in addition to increasing ODA flows, Governments must ensure that all external policies affecting developing countries supported achievement of the Millennium Development Goals. The European Union had made a major contribution to the funding of the Heavily Indebted Poor Countries (HIPC) Initiative. Its member States had provided bilateral relief both within and beyond the terms of the Initiative and welcomed the proposal at the most recent G8 meeting to extend the sunset date of HIPC and to provide the necessary financing for completion of the Initiative.

25. Noting that the least developed countries had been unable for the most part to harness globalization to their development and to take full advantage of new market opportunities, he said that the European Union was implementing the commitment agreed at the Third United Nations Conference on the Least Developed Countries to provide duty- and quota-free access to all products from those countries. Preferential imports from least developed countries under the European Union's Everything but Arms initiative and other arrangements amounted to 10 billion euros. That commitment should be implemented by all developed countries, including through measures to improve the effectiveness and ease of use of developed countries' respective preference programmes. As the share of South-South trade in world trade increased, advanced developing countries should also provide duty- and quota-free access to least developed country exports.

26. The European Union was committed to better integrating the least developed countries in the multilateral trading system, and it therefore strongly supported their facilitated accession to WTO as well as placing their needs at the heart of the Doha Development Agenda. Indeed, under a recent proposal submitted by the European Union commissioners to all WTO members, all forms of export subsidies on agricultural goods in the framework of the Doha Development Agenda would be eliminated, greatly benefiting least developed countries, many of which were dependent on a limited number of commodities for their export earnings. Acceptance of that proposal would help provide further integration of least developed countries into the global trading system.

27. In April 2004, the European Union had adopted an action plan on agricultural commodity chains, dependence and poverty and a proposal for a European Union-Africa partnership on cotton. The European Union supported an effective and specific solution within the WTO agricultural negotiations, which should aim at the elimination of all forms of export support on cotton. Developed and major developing countries should follow the European Union in providing complete market access to cotton and cotton-based products from least developed countries. They should also strive to secure a commitment from major cotton-producing countries to undertake reforms with respect to trade-distorting domestic support. In that regard, the European Union had agreed on the reform of its own cotton regime, which would reduce its trade-distorting impact and improve coherence with the European Community's development policy.

28. **Mr. Ngatjizeko** (Namibia) said that the current session of the Council should focus attention on how to effectively mobilize resources and create an enabling environment to attain the objectives of the Brussels Programme of Action. Since the adoption of the Programme of Action, the number of least developed countries had increased and the current GDP growth rate in many of them was even worse than it had been in 2001. The target of halving extreme poverty by the year 2015 set in both the Brussels Programme of Action and the Millennium Declaration was unlikely to be met in many developing countries, especially the least developed ones. Even more worrying was the certainty that the number of people living in abject poverty would increase sharply by 2015 if current trends continued.

29. The major responsibility for implementing the Brussels Programme of Action lay with the least developed countries, but the challenges they faced were enormous and included a lack of capacity to mobilize domestic resources, as well as the fact that many were either landlocked, small islands or emerging from conflicts. Those challenges hardly left room for creating a domestic enabling environment for sustainable development. In addition, they faced

commodity price volatility, agricultural subsidies and other trade-distorting policies as well as limited access to markets. Development partners had committed themselves to mobilizing external resources through increased ODA, FDI, debt relief, coherence and harmonization of aid policies, among others. Yet, resource shortfall remained the main impediment to the implementation of the Brussels Programme of Action.

30. The recommendations contained in the Secretary-General's report merited the Council's serious consideration. The international community should consider contributing a greater part of its aid to the least developed countries in the form of grants. Debt cancellation should also be seriously considered, as should better ways and means of ensuring a smooth transition for countries graduating from the least developed category.

31. Perhaps the greatest challenge facing the developing world, especially in sub-Saharan Africa, was the problem of disease, especially the HIV/AIDS pandemic, and it was therefore not possible to talk about sustainable development if that problem was not addressed.

32. **Ms. Lehtomäki** (Finland) said that more efforts, both domestic and external, were needed if the agreed targets of the Brussels Programme of Action were to be met. The Programme of Action and the Brussels Declaration had clearly emphasized that the main responsibility for the sustainable development of least developed countries lay with those countries themselves. It was equally clear, however, that partnership and shared responsibility were vital in addressing those countries' needs. Regional and South-South cooperation were also important, as was the enhanced effectiveness of the development assistance provided by bilateral and multilateral donors.

33. Investment, production, trade, debt and aid could not be discussed in isolation and issues such as good governance at the national and international levels, respect for human rights, fair income distribution, gender equality and the fight against corruption were all necessary elements in the development process. In that context, special attention should be given to linking poverty eradication to the promotion of gender equality. Women were disadvantaged owing to widely spread gender biases in the economy, including lack of access to and control over productive resources. Addressing gender differences through macroeconomic policies was crucial to effective poverty reduction. Another major challenge was the HIV/AIDS epidemic. Ways must be found to increase access to better prevention and care worldwide, and particular emphasis must be given to identifying and combating the root causes of the disease, including poverty, gender inequality and ignorance.

34. The least developed countries should not be further marginalized because of globalization. Their integration into the world economy demanded coherence in international trade and development policies. One of the areas requiring critical attention was agriculture, since the majority of the poor lived in rural areas. In that regard, the promotion of market access for locally produced commodities and capacity-building were important priorities. The report of the World Commission on the Social Dimension of Globalization contained concrete recommendations on strengthening the social dimension of globalization. Its most significant contribution was the emphasis it put on employment and the concept of decent work. Finland and the United Republic of Tanzania, whose Presidents had co-chaired the World Commission, had also been active in establishing a new forum to promote more equal and balanced global governance. The Helsinki process had invited stakeholders hailing from a variety of backgrounds from the North and the South to discuss and identify new ways of solving global problems.

35. Her Government had adopted a white paper on development policy for 2004-2007 which reaffirmed its commitment to the Millennium Declaration and in particular to the eradication of extreme poverty. It was putting increased emphasis on policy coherence of actions in support of multilateral organizations in the European Union context as well as national and bilateral policies. Finland's involvement at the country level would continue to be guided by the poverty reduction strategies of the partner countries. Her Government had committed itself to increasing its ODA disbursements to 0.44 per cent of gross national income by 2007. The aim was to reach the 0.7 per cent target by 2010. Almost a third of Finland's bilateral ODA had gone to least developed countries in 2002.

36. To operationalize the link between trade and poverty reduction, it was necessary to make trade reforms and progressive trade liberalization part of wider, country-owned development strategies. The challenge was to improve the coherence between trade

and development policies. It was also critical to adopt principles of good governance, combat corruption, promote human rights and introduce mechanisms for fairer income distribution.

37. Development finance policies had improved in many least developed countries in sub-Saharan Africa, and the capacity to make effective use of resources for development, both domestic and external, had been strengthened. The development policy of the European Community gave priority to least developed countries and low-income countries in its resource allocation. In January 2004, the European Union had agreed to consider extending the use of needs-based allocation criteria to all Community external assistance. As policies and domestic environments improved, least developed countries would be able to absorb more ODA and make effective use of the money to reduce poverty. In 2002, European Union ODA had risen by 5.8 per cent in real terms, to 0.34 per cent of European Union gross national income, amounting to $29 billion, or approximately 50 per cent of global ODA flows. If current trends persisted, collective ODA from the 25 member States of the European Union should increase to over $40 billion in 2006. In March 2004, the European Union had launched a new Water Facility to support access to clean water and sanitation for people in Africa, the Caribbean and the Pacific. Two hundred and fifty million euros had been allocated immediately to the Facility and a further 250 million euros would be made available as necessary.

38. **Mr. Maokola-Madjogo** (United Republic of Tanzania) said that the issue of resources mobilization was critical, since without the necessary domestic and foreign financing, it would be difficult for Africa and the least developed countries in general to make progress in eradicating poverty. A comprehensive strategy was therefore required. At the international level, trends in ODA should be addressed, as well as debt relief, trade openness, market access and foreign direct investment. At the national level, developing countries should review their tax systems with a view to improving the investment and regulatory environment.

39. In implementing its poverty reduction strategy, his country still faced a number of challenges: poverty levels remained high and growth rates had not yet reached the required minimum rate of 8 per cent. His Government was fully aware of the need to mobilize and effectively utilize domestic resources. In 2002, it had finalized the Tanzania Assistance Strategy, a framework for partnership in development aimed at improving aid coordination and enhancing national ownership of the development process. Emphasis in that regard was placed on ensuring that donor support was channelled through the Government budget and that the various processes were harmonized to reduce transaction costs, allow for flexibility in financing priority interventions and ensure predictability of such support. A performance assessment framework had also been developed, on the basis of which disbursements of budget support were determined without further conditions, thus discouraging the creation of parallel structures.

40. His Government was continuing reforms designed to ensure that the operating environment was conducive to sustainable growth, attractive to private sector investment and able to enhance absorptive capacity, especially at community levels, for the effective and efficient utilization of resources. Efforts were also being made to ensure access to low-cost credit for the poor. In addition, measures were being taken to improve support infrastructure and strengthen the statistical structure necessary for monitoring progress and evaluating impact. Good governance, especially the fight against corruption, was also a priority for his Government.

41. As part of its efforts, the Government needed to build the necessary human and institutional capacities and to stop the advance of HIV/AIDS. As was demonstrated by the successful Tanzania Social Action Front, whose secret lay in its participatory approach, the war against poverty could be won with common resolve and dedication. The strengthening of partnerships between governments, civil society and the private sector was vital.

42. In conclusion, he urged the international community to honour its commitments with respect to access to markets, greater and more predictable aid and debt relief. Implementation of the eighth Millennium Development Goals, including the establishment of indicators to assess performance, was critical.

43. **Ms. Wakana** (Burundi) said that, despite the substantial progress made by her country on the political and macroeconomic fronts, the country's needs could not be met without additional ODA, fresh flows of foreign direct investment, eligibility for the HIPC Initiative and increased access to world markets.

Unfortunately, ODA flows had decreased sharply during the country's political, economic and social crisis, the country was heavily indebted and was far from attaining the decision point to get access to the HIPC Initiative, while foreign investors remained uneasy about investing in the country.

44. In that regard, she expressed gratitude to the Council for establishing the Ad Hoc Advisory Group on Burundi and to the International Monetary Fund for easing its usual stringent practices, especially with respect to the adoption of a poverty reduction and growth facility for Burundi, as well as to the World Bank, the United Nations Development Programme, the European Union and the Paris Club.

45. Burundi's experience had led it to a number of conclusions. Least developed countries must redouble their efforts to improve the institutional and macroeconomic framework in their countries in order to mobilize more domestic resources, promote both national and foreign investment and integrate into the world market. Donors must provide the appropriate technical and financial assistance to the institutions responsible for peace and security, good governance and strategic guidance of the economy. Initiatives should be coordinated in order to focus on absolute priorities and ensure synergy. Since the customary mechanisms for mobilizing foreign resources had many conditionalities which least developed countries in post-crisis situations found virtually impossible to meet, consideration should be given to establishing a multilateral fund that could easily mobilize resources to respond to such situations. Furthermore, improving implementation of the Brussels Programme of Action would require the development of measurable performance indicators for purposes of comparison.

46. **Mr. Simeon** (Observer for Haiti) expressed his Government's gratitude for the international solidarity shown towards Haiti after the recent floods which had claimed more than 2,500 lives. Haiti's participation in the high-level segment was a sign of the importance it attached to exploring policies for generating domestic wealth, increasing financial resources, improving the distribution of public expenditure and promoting private investment.

47. The invaluable contribution of the local private sector as a mechanism for poverty eradication gave microcredit a special status as an instrument to provide the poor with the means to improve their lives and accumulate assets. Moreover, microcredit schemes could trigger a wide range of social benefits by improving access to basic social and welfare services. As recent developments in Haiti had shown, labour-intensive programmes could provide opportunities for the creation of a large number of temporary jobs. Employment must be encouraged by strengthening and increasing the credit available to small businesses, with special emphasis on the participation of women. Microcredit could also play a role in halting the alarming erosion of income in the poorest sectors of society and supporting the promotion of self-employment in rural and urban areas.

48. For some time, developing countries had begun to grasp the need to encourage FDI in order to improve their access to markets and resources and to boost their industrial competitiveness. Outlining six broad categories of measures for the promotion of such investment, he stressed the need to strengthen infrastructure networks, harmonization and the application of regional instruments of trade facilitation, including customs and administrative procedures. Despite the difficulties encountered in recent years, Haiti would persevere in creating the conditions necessary for attracting investment. In terms of access to trade, investment promotion should target rural populations that earned their livelihood from the export of basic products. To that end, developing countries should expand and diversify the range of export products offered, while developed countries should seek to dismantle tariff barriers.

49. He underscored the role of partnerships in resource mobilization. His Government had prepared a regulatory partnership framework for decentralized participatory development as a strategic priority for the development of the private sector and small and medium-sized enterprises. In an effort to integrate Haiti into regional and international markets, the Government planned to create five facilitation centres for the development of investment and exports and to encourage the establishment of trade and export-processing zones and of tourism and organic farming areas.

50. Investment in water supply and sanitation infrastructure and the sustainable development of human habitat were essential to the prevention of disease and improvement of living standards. He acknowledged the role of sound public administration and good governance at the domestic and international

levels and stressed the need for a substantial increase in ODA.

51. He joined previous speakers in referring to the outcomes of the major international conferences, including the Brussels Programme of Action, and took the opportunity to reiterate the appeal launched by the Group of 77 and China in a Ministerial Declaration adopted in São Paulo in June 2004, on the need for international development cooperation to take national strategies fully into account. In conclusion, he informed the Council that Haiti would present a framework for interim cooperation with the international community in Washington in July 2004, the contents of which were relevant to the current discussions within the Council.

52. **Mr. Kutesa** (Observer for Uganda) said that Uganda had developed a Poverty Eradication Action Plan based on sustainable economic growth and structural transformation, good governance and security, and increased income and improved quality of life for the poor. From the outset, the Action Plan had established strong linkages with both the Brussels Programme of Action and the Millennium Development Goals. His Government now faced the challenge of identifying additional reforms which would permit the economy to build on the successes of the 1990s and resume growth at the 7 per cent rate required for Uganda to meet its poverty eradication objectives. An additional challenge was posed by the fact that growth had been unevenly distributed, because of persisting conflicts in some regions and slow improvement in human development outcomes in others.

53. One of the lessons Uganda had learned from its programme of economic reform was that, in addition to development assistance, sustainable poverty reduction required that countries should have access to a fair share of global trade. The free flow of trade should be accompanied by a transfer of modern technologies from the developed world to the developing countries, since without technical skills poor were denied the opportunity of participating in the global economy. As foreign direct investment was the main external driver for technology transfer, it was important to nurture a domestic climate that was favourable to private sector activity.

54. In addition to improving the investment climate, it was essential to provide a sound legal and regulatory framework, strengthen public and corporate governance, and improve access to key financial and infrastructure services. While recipient countries had the duty to establish those conditions, donors should also assist in channelling aid to investment in order to boost employment revenues and reduce debt.

55. The establishment of the New Partnership for Africa's Development (NEPAD) was an important initiative that demonstrated Africa's wish to bear the responsibility for its own development and integration into the world economy. He urged the international community to rally behind NEPAD and to contribute to the realization of its goals and objectives, particularly in the areas of infrastructure development, investment capital, financial services and the peer review process. The Brussels Programme of Action and NEPAD should complement each other in the achievement of the Millennium Development Goals.

56. **Mr. Horn** (United States of America) said that his Government was committed to eliminating poverty, promoting development and prosperity, and strengthening domestic institutions. It attached great importance to creating an enabling environment for sustained growth.

57. He described his Government's contributions to poverty eradication in terms of ODA and preferential arrangements accorded under the African Growth and Opportunity Act to imports from the region. Moreover, the United States looked forward to the successful completion of negotiations in fulfilment of the Doha Development Agenda and had proposed ambitious reforms in market access, domestic support and export competition for the elimination of all tariffs and other trade-distorting measures. In addition, the United States had launched an Emergency Plan for HIV/AIDS relief in 14 severely affected countries and had contributed $623 million to the Global Fund to fight AIDS, Tuberculosis and Malaria.

58. With regard to domestic institutions, he said that children living with a single parent were more likely than children from a two-parent family to suffer emotional or behavioural problems and to be victims of child abuse or neglect. Accordingly, his Government had given priority to programmes that specifically encouraged stable marriages and responsible fatherhood.

59. In conclusion, he drew the attention of the Council to the fact that some countries no longer met

the criteria for designation as least developed countries, while others deserved consideration as such.

60. **Mr. Biaou** (Benin) expressed his concern that, as had been the case with the two previous programmes adopted on behalf of the least developed countries, the objectives of the Brussels Programme of Action would not be met. It was therefore imperative that stakeholders should exert a greater effort in certain priority areas. For example, an enabling environment must be sustained at both the national and international levels in order, not only to ensure the mobilization of resources necessary for the implementation of the Programme, but also to provide a suitable framework for such implementation. At the national level, least developed countries must be committed to good governance and respect for internationally recognized human rights and must establish an effective legal and regulatory framework in order to strengthen the rule of law and to encourage real participation in development, in close cooperation with all national and local actors.

61. As to aid to the least developed countries, he commended the European donors which had exceeded the target level of 0.2 per cent of their gross national product. The HIPC Initiative should be extended to all least developed countries, and other measures, such as total cancellation of official bilateral debt, should be adopted to ease the debt burden. Although trade was an important instrument for the mobilization of external resources, unfavourable market access conditions prevented many countries from taking full advantage of its benefits. Development partners ought to permit access to all exports from the least developed countries without imposing quantitative, tariff or non-tariff restrictions or applying agricultural subsidy policies that undermined the competitiveness of products from the least developed countries. Furthermore, development partners should adopt domestic measures to encourage investment in the productive sectors of the least developed countries in order to support their efforts to build the base needed for development. Another aspect of resource mobilization deserving attention was remittances: host countries should do their utmost to facilitate the payments made by immigrant workers to their families in their countries of origin.

62. **Mr. Antonione** (Italy) stated that his Government broadly agreed with the conclusions and recommendations of the Secretary-General in document E/2004/54. It was strongly committed to the implementation of the Millennium Development Goals, the Monterrey Consensus and the Brussels Programme of Action for the Least Developed Countries. Since the beginning of the decade, Italy had significantly increased the share of its ODA disbursed to least developed countries and was committed to increasing that figure to 0.33 percent of national GDP by 2006. His Government fully supported the renewed commitment of the European Union to addressing the challenges of dependence on such commodities as cotton. More specifically, it felt that the international community must help all least developed countries that were commodity-dependent, regardless of the region or continent to which they belonged, with a view to enabling them to diversify their production patterns and become more fully integrated in the world economy. They should also be helped to make fuller use of any trade preferences: the developed countries and the more advanced developing countries should both grant them duty-free and quota-free market access. Market-oriented steps should be taken to help producers to overcome price instability. Through negotiations and technical assistance, deeper regional integration should be achieved so that internal and external economies of scale could be exploited.

63. Italy was prepared to cancel another $2.5 billion of least developed countries debt in addition to the $2 billion already cancelled to date. About $1 billion of that amount would be additional bilateral debt relief beyond the enhanced HIPC Initiative. His Government supported the extension of the HIPC Initiative in order to allow countries that had not yet qualified for the Initiative to benefit from debt cancellation. It recognized the crucial role of the private sector as the engine of economic development in the least developed world. For that reason, it had supported from 1993 to 2000, a total of 75 initiatives amounting to $570 million of which $400 million had been soft loans and $170 million had been grants. Over the past three years, Italy's support to the private sector in developing countries had substantially increased.

64. Italy was committed to working jointly with multilateral organizations and developed and developing countries to reinforce and better coordinate the capacity of the international community to respond to difficult challenges in post-conflict situations. In support of the establishment of the African Peace Corps, courses for African officers were being offered

at the United Nations Staff College in Turin. More recently, Italy had promoted the G8 action plan, which would expand global capability for peace support operations. Its aid to the operations of the United Nations Logistical Support Base in Brindisi also deserved mention. The World Bank's Fast-Track Initiative, launched in 2002 to mobilize resources to support education for all, was the most effective follow-up of the G8 task force on education which had been chaired by Italy in 2001.

65. His Government believed that the approach to poverty and rural development in the least developed countries should comprise both immediate responses to deal with emergencies of a calamitous nature and long-term structural measures that would encourage sustainable agriculture and food security. In the context of the Johannesburg Plan of Implementation, his Government supported the establishment of national and regional environmental policies and plans which could be integrated into social and economic development models. It was committed to the development and dissemination of renewable energy technologies, energy-efficient techniques and a substantial increase of the renewable energy component in the national and global energy mix.

66. **Mr. Fedotov** (Russian Federation) said that, without the joint efforts of the international community, including the Bretton Woods institutions and the World Trade Organization, it would be impossible to eradicate poverty and alienation. The United Nations, as the most universal and representative of the international organizations, had a key role to play in formulating the relevant policies and priorities. For its part, Russia was ready to increase its involvement in the international partnership working for the benefit of the LDCs. He believed that under circumstances when most LDCs were still unable to attain the growth rates required for achieving such agreed objectives as the Millennium Development Goals, a new impetus was required.

67. It was extremely important to achieve an optimal mix of external assistance and country ownership of adjustment measures. In that context, it was imperative for the least developed countries to focus on incorporating the Millennium Development Goals in their national plans and strategies. Because the debt burden remained a major obstacle that hindered development, his Government was taking action to reduce the debt burden of least developed countries. It would reduce from $26 billion to $600 million the HIPC countries' total debt to the Russian Federation, after the Paris Club terms had been implemented. The LDCs would not, however, derive any long-term benefit from the cancellation of debt unless they developed sound, financial, economic and budgetary policies, instituted structural reform, strengthened State institutions and improved the investment climate. Moreover, they would eliminate poverty and the current marginalization only if allowed to play a meaningful role in world trade. In that regard, Russia had enacted laws to provide a duty-free regime for the traditional exports of least developed countries. The most pressing trade-related problems should be dealt with within the Doha round of trade negotiations.

68. His country fully accepted the priority goals of providing assistance to post-conflict countries and remained convinced that the efforts of the United Nations agencies should be planned in close consultation with the recipient Governments with a view to developing national capacity.

69. **Mr. Adomavicius** (Lithuania) said that people in the modern world were united by the shared desire to leave a better world to their children. In the true sense of globalization, if that desire was not realized in one part of the planet, the rest of it would become vulnerable. Everybody therefore stood to gain if countries were willing to assist each other by sharing experience and knowledge.

70. Only 14 years earlier, his country had started a painful process of economic and social transition from a planned to a market economy. Eleven years later, the exercise had officially been pronounced a success. That success had largely been aided by the implementation of recommendations with the assistance of the international community and, as a result, Lithuania had been able to formulate a national policy aimed at reducing poverty, social exclusion and other forms of inequality. In 2003, the national GDP had grown by more than 9 per cent and Lithuania's economy was currently recognized as one of the fastest growing economies in the world. Because the nationally driven economic and social strategy, complemented by the knowledge and support of the international community, had justified itself, he believed that the exercise could be of use to other countries.

71. Having become a member of the European Union, Lithuania had accepted new responsibilities in

development policy and transformed itself from a recipient to a donor country. Development cooperation had become an integral part of its foreign policy, and his country was ready to assist least developed countries to combat poverty in the context of the European Union's development cooperation as well as within the framework of the United Nations. He saw the Brussels Programme of Action and the Millennium Development Goals as a clear commitment by the international community to tackle the issue of poverty through a comprehensive partnership involving developed and developing countries. The focus must now be placed on implementation and Lithuania was ready to work with the donor community for the successful implementation of the goals defined in the Millennium Declaration.

72. **Mr. Mamed-Kuliev** (Azerbaijan) said that, as a producing country among the newly independent States, Azerbaijan was effectively using its oil reserves and implementing such initiatives as the establishment of oil farms, pursuing a strategy for management of the oil revenues and achieving much success. His country would be willing to share its experience with any of the least developed countries and to accept students for training in the extractive industries.

73. The main focus of attention should be on integration of the least developed countries into the global economy to improve their trade relations. The international community should provide the best possible preferential terms, especially to those least developed countries that were landlocked. Assistance should also be given in creating export-oriented industries and eliminating trade-distorting subsidies. His country agreed with the Secretary-General that assistance to least developed countries should take the form of grants, which could be used for the development of infrastructure and human resources.

74. He welcomed the attention paid in the report of the Secretary-General to the special problems of least developed countries emerging from conflict. The people of those countries were particularly vulnerable and should be helped by means of long-term development and targeted assistance plans. The full-scale mobilization of domestic resources could not be realized unless conflicts were settled and peace and security achieved. He commended the role the Council had played in countries emerging from conflict and recommended that its potential role in situations of unfolding conflict should be further explored.

75. **Mr. Ripert** (France) said that the major conferences organized within the last decade had highlighted the need for solidarity. The current high-level segment of the Economic and Social Council assumed particular importance at a time when preparations were being made for the General Assembly to review the international community's commitment to sustainable development and the realization of the Millennium Development Goals. Having set itself poverty reduction as a primary goal, the international community must look first to the least developed countries, especially those in which the number of people living in poverty had remained stagnant or increased. To be sure, poverty reduction could not be decreed but rather required the mobilization of local, national and international financial resources as well as intellectual and institutional resources. At the local level, achievement of the goal would depend on the successful definition of poverty-reduction strategies that met certain requirements including the need for good governance, the establishment of an enabling economic, legal and financial environment and the promotion of sustainable rural development.

76. In addition to national efforts, the international community must keep its promises and meet its commitments. Despite budget difficulties, his country intended to increase its ODA to 0.5 per cent in 2007 and to 0.7 per cent by 2012. A growing share of its ODA would be devoted to least developed countries in Africa. Increased ODA alone would not, however, be enough; additional resources must be found and innovative mechanisms of financing evolved.

77. The implementation of the Brussels Plan of Action required a trade and financial framework that was favourable to the least developed countries. Differentiated approaches with respect to trade were necessary. The European Union had established the Everything but Arms initiative, which gave products originating in the least developed countries duty-free and quota-free access to the European market. In order to encourage those countries' participation in the World Trade Organization, France was financing programmes to strengthen their trade capacities and negotiating skills for them.

78. In the area of commodities, the action of the international community would also be crucial. The plan of action on commodities adopted by the European Union and the partnership established

between the European Union and Africa with regard to cotton represented a first response to the problem of commodities. France welcomed the establishment at the eleventh session of UNCTAD of a task force to formulate proposals on that subject.

79. A number of countries were graduating from the list of LDCs, thereby demonstrating that poverty was not a permanent condition. It was the duty of the international community to ensure that their graduation would not harm their efforts to reduce poverty, and he found it gratifying that the Members of the Council had agreed on the need to define the guidelines for making the transition. Acceptance by all of the criteria for inclusion in and graduation from the list were essential to the lists credibility.

80. **Mr. Ishikawa** (Japan) said that 60 years previously most towns in his country had been devastated by bombardments. The rebuilding of the nation and its successful reconstruction had been achieved through the strenuous efforts of ordinary people. He was confident that through ordinary people's power, the current plight of least developed countries would become a thing of the past.

81. Peace, security and good governance were prerequisites to building a nation where people could live their lives with dignity. Greater predictability enabled farmers to decide when to sow their seeds. Peace, security and good governance guaranteed ordinary people predictability, social, political and economic participation and, ultimately, hope. Only with hope in their hearts could people make an investment in education and medical care. The three pillars of education, health and gender constituted the most important part of the Millennium Development Goals and a bottom-up approach based on those three pillars was absolutely essential for the achievement of those goals. It was also essential to create a solid and sound national economic environment. Japan had long stressed the importance of nation-building based on confidence and trust in the society.

82. His country led the world in ODA, providing more than one fifth of the world's total ODA. It was firmly committed to helping developing countries to solve the problem of human security which focused on individuals and communities facing threats. The international community should further develop the capacity-building of each person, because empowered people could stand on their own feet in the process of nation-building; once their number reached a critical mass, their nation would be successfully developed with full ownership.

83. He drew attention to natural disaster reduction because his country had more than its fair share of typhoons, earthquakes, tsunamis and volcanic eruptions. The casualties, however, had dramatically decreased since the 1960s because, while the Japanese could not tell typhoons not to come, they could tell their people when and where to go. If greater predictability could be achieved with respect to natural disasters, least developed countries, which had the poorest and most vulnerable inhabitants, would suffer fewer casualties and surmount those obstacles to nation-building. In their case, decades of nation-building efforts could be washed away by a single flood. He invited participants to come to Kobe in January 2005 to participate in the World Conference on Disaster Reduction.

84. **Mr. Dron** (Ukraine) said that his country was prepared to continue supporting efforts to eradicate poverty in the least developed countries. In his report, the Secretary-General had addressed important aspects of issues related to mobilizing resources and had made acceptable and realistic recommendations on priority areas of international cooperation. Many of the recommendations also had important practical significance for countries with economies in transition, including Ukraine, and although such countries did not fall in the category of least developed countries, some of them had similar problems. In that context, he supported the need for the international community to increase its support of countries with economies in transition, with a view to accelerating their integration into the world trade system. That goal was important because those countries were potential donors and in the near future might considerably expand the donor base.

85. Resources for development must include a mix of domestic funds and external assistance. Domestic resources represented the most important source of financing, as they would ensure the sustainability of poverty reduction and economic growth. Attention needed to be given to microfinancing, particularly in rural areas, where the demand was greatest. Above all, a qualitative breakthrough in achieving structural reform and addressing challenges of social and economic development, required the effective use of taxation. Tax reform in the Ukraine had broadened the

tax base and increased the volume of budget income while also having an overall favourable impact on the domestic market. The President of his country had drawn attention to the need to craft a long-term strategy for fine-tuning fiscal legislation. His Government was pursuing a steady effort to further privatize the economy and repatriate capital that had been taken out of the country. It had established a national system to counter money-laundering.

86. The international year of microcredit would be observed in 2005, and he hoped that the initiative would provide additional impetus in improving awareness of the population, respect for the advantages of microcredit and expanded access to financial resources. He expressed appreciation for the efforts of the United Nations Development Programme (UNDP) to assess the credit rating of a number of least developed countries. The enhancement of the sovereign credit rating together with measures to enhance accountability and oversight of the activities of financial institutions, would create fertile ground for developing credit and financial activities. UNDP might wish to extend the practice to countries with economies in transition.

87. In the context of the implementation of the Brussels Programme of Action and other instruments it had become extremely important to mobilize international resources and establish an enabling external environment. He appreciated the positive flow of ODA to developing and least developed countries and believed that international assistance should be concentrated on least developed country economies, which had the greatest need for external financing.

88. Greater integration of countries with economies in transition called for expanded non-discriminatory access to world markets of goods and services. To qualify for membership of the World Trade Organization, Ukraine was harmonizing its domestic legislation with the necessary norms and standards as a matter of priority. He hoped that his country's partners in the bilateral negotiations would demonstrate the necessary flexibility and realism so that Ukraine could become a full-fledged member in the course of 2004.

89. In conclusion, he reaffirmed his country's support to the accelerated and effective implementation of NEPAD. Ukraine was closely following the implementation of the partnership-based initiative in view of its traditional ties to the African continent. His country stood ready to take an effective part in the joint efforts to provide support for Africa's development.

*The meeting rose at 1.10 p.m.*

United Nations E/2004/SR.19

# Economic and Social Council

Provisional

17 August 2004

Original: English

**Substantive session of 2004**
**High-level segment**

## Provisional summary record of the 19th meeting

Held at Headquarters, New York, on Tuesday, 29 June 2004, at 3 p.m.

| | | |
|---|---|---|
| *President*: | Mr. Penjo (Vice-President) | **(Bhutan)** |
| *later*: | Ms. Rasi (President) | **(Finland)** |
| *later*: | Mr. Penjo (Vice-President) | **(Bhutan)** |

## Contents

**Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 (*continued*)**

**Corrections to this record should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent *within one week of the date of this document* to the Chief, Official Records Editing Section, room DC2-750, 2 United Nations Plaza.**

*In the absence of Ms. Rasi (Finland), Mr. Penjo (Bhutan), took the Chair.*

*The meeting was called to order at 3.10 p.m.*

## Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010

(*continued*) (A/58/722-E/2004/13, E/2004/33, E/2004/54, E/2004/75 (chap. I), E/2004/84 and E/2004/NGO/1-22)

1. **Mr. Widhya** (Observer for Cambodia) said that during the previous decade, after 24 years of war, genocide and international isolation, his Government had managed to sustain macroeconomic stability. During the period 1999-2003, the Cambodian economy had grown at an annual average rate of 6.7 per cent; the exchange rate had remained stable; inflation had been kept at 1.57 per cent and the level of international reserves had almost doubled. Poverty had decreased, from 39 to 36 per cent between 1994 and 1999, mainly owing to an annual population growth rate of 2 to 3 per cent. If those trends continued, the incidence of poverty would decline to 28 per cent by 2015, well below the goal set in the Programme of Action for the Least Developed Countries for the Decade 2001-2010 adopted in Brussels.

2. His Government had therefore focused its domestic policy on poverty reduction, developed its first national poverty reduction strategy and carried out reforms in several areas. Its development priorities included good governance, agriculture, the private sector, employment, infrastructure and human resources.

3. Development partners must help the least developed countries to attain the Millennium Development Goals, create an enabling environment for national development and greater political stability and promote human and institutional capacity-building. They must make financial resources and technologies available. They should remain firm in their commitment to increase official development assistance (ODA) to the least developed countries to between 0.15 and 0.2 per cent of their gross national product (GNP) by 2006 and improve market access by removing tariffs and non-tariffs barriers, in particular for agricultural goods.

4. Poverty eradication required comprehensive and holistic solutions. Since peace, stability and prosperity were increasingly interrelated, the international community must join the efforts of the Economic and Social Council to combat the surge of violence, extremism and terrorism.

5. **Mr. Mohammed** (Nigeria) said that primary responsibility for the implementation of the Brussels Programme of Action lay with the least developed countries. His Government had developed practical economic strategies to reduce poverty and meet the Nigerian people's basic needs, including the National Economic Empowerment and Development Strategy (NEEDS), involving human resource development in rural communities and including training, skills development and youth empowerment schemes. The National Agricultural, Cooperative and Rural Development Bank was enhancing access to land and extending microcredit at concessional rates to rural communities. His Government's poverty alleviation programme coordinated the activities of all federal ministries and agencies and other relevant organizations nationwide and identified areas where intervention might be required.

6. The African nations' enthusiasm for the New Partnership for Africa's Development (NEPAD) showed their commitment to assuming responsibility for their future through good governance, democracy, economic liberalization and transparency. The persistence of poverty in the least developed countries was due to the steady decline of foreign direct investment; limited access of developing countries' products to outside markets; the crushing debt burden; the shrinking of official development assistance; and the economic impact of AIDS. The least developed countries should assume responsibility for matters within their control, such as good governance, the equitable distribution of national resources and transparency in the use of public funds. But the scope of the challenges facing African and other countries in the developing world required genuine partnership between the least developed countries and affluent nations.

7. The least developed countries must intensify efforts to implement reforms in the following areas: tax collection; public administration; creation of an enabling environment for savings and investment; establishment of efficient financial institutions and instruments, including microcredits and microfinancing

schemes. External resource mobilization was also vitally important. Capital flows to the least developed countries both in the short and long term should be stable and predictable. More countries should meet their commitment under the Brussels Programme of Action to allocate 0.2 per cent of GNP to official development assistance.

8. The international community must recognize the special needs for reconstruction, rehabilitation and reconciliation of post-conflict least developed countries. The Ad Hoc Advisory Group on Guinea-Bissau should continue its work until the presidential elections in 2005, and the Ad Hoc Advisory Group on Burundi should remain until the elections scheduled for November 2004. That arrangement would help to nurture, strengthen and consolidate the infrastructure of peace in Guinea-Bissau and Burundi.

9. **Mr. Ahmed** (United Kingdom) said that developed and developing countries must work together to meet challenges in the areas of health, hunger and poverty, particularly for the least developed countries. Developing countries should strengthen efforts to assume ownership of their own development, improve the efficiency and transparency of public policies and create an environment for foreign investment and a flourishing private sector. NEPAD was an important step in that direction. The developed countries must show greater commitment and political will to eliminate trade-distorting agricultural subsidies, accelerate progress on debt and provide more effective official development assistance in countries that had demonstrated a commitment to poverty reduction and good governance.

10. There had been an increase in ODA levels since the International Conference on Financing for Development, held at Monterrey. The United Kingdom, for its part, had doubled such assistance since 1997 and announced a 50 per cent increase over four years in its core funding for the United Nations Development Programme. But more money for the financing of development was urgently needed. His delegation had therefore proposed the establishment of the International Finance Facility to provide money immediately against pledges of increased aid resources further down the road. His delegation had been working through the Group of Eight to extend the deadline for the HIPC Initiative by two years to enable more heavily indebted poor countries to benefit from much needed debt relief.

11. Increased aid was no substitute for more open trade. The Doha Development Round should be put back on course during the July 2004 Council meetings in Geneva. The international community must also strengthen the capacity of countries to absorb assistance and align its policies with national poverty reduction and development strategies.

12. The Council should have a key role in ensuring coherence and coordinating United Nations economic and social activity. It should be reinvigorated to achieve stronger, more coordinated United Nations development efforts. The efforts of the Secretary-General's High-level Panel on Financing for Development could also strengthen the organization's response to international economic and social challenges. New thinking could be stimulated by the Triennial Comprehensive Policy Review of Operational Activities for Development of the United Nations System (TCPR).

13. **Mr. Chappatte** (Observer for Switzerland) said that his Government gave priority in its international assistance programmes to the least developed countries and devoted 0.15 per cent of its GNP to them.

14. More than a third of the African least developed countries were involved in conflicts, which affected entire subregions and neighbouring countries' development efforts. Some of the causes of those conflicts were closely related to the lack of economic and social development. Every effort should therefore be made to establish security situations favourable to such development through reform of the security sector, establishment of the rule of law and a fair justice system, and respect for human rights. Development partners — in particular the United Nations system, international financial institutions and bilateral donors — must cooperate closely to ensure that resource mobilization was integrated with support for peace and stability.

15. The least developed countries' access to the markets of developed economies and countries in their own region remained a fundamental concern. Developed countries must establish procedures for dismantling tariffs and gradually abolish subsidies that distorted the market, while the Generalized System of Preferences should be made more effective, more binding and simpler.

16. The specific needs of the least developed countries should be considered, and they themselves

should have a say in which products they considered most sensitive. Special safeguard mechanisms should be established and least developed countries should be granted greater flexibility in implementing various World Trade Organization (WTO) agreements in accordance with their institutional capacities. Regional trade integration of the least developed countries was also a priority. The more advanced developing countries should facilitate access of weaker countries' products to their markets and strengthen South-South trade.

17. The debt burden of the least developed countries must be reduced in a sustainable manner. His Government supported the Heavily Indebted Poor Countries (HIPC) Initiative and welcomed its extension. A new strategy to stabilize the volume of debt in the long term and to prevent countries from bearing unsustainable debt was also required. The borrowing capacity of each least developed country should determine its concessionality level. Their institutions should also be strengthened, particularly with regard to debt management, medium-term budgets and a widening of the tax base. There was also an increasing need for both direct and indirect taxes, especially as the integration of the least developed countries in the world trade system would eventually lead to lower customs revenues.

18. **Mr. Gouveia** (Mozambique) said that, by stimulating people-centred economic growth, his Government had achieved an average GDP growth of more than 7 per cent, low inflation and increased exports, investments and ODA flows. Absolute poverty had dropped from about 69 per cent in 1996-1997 to around 54 per cent in 2003-2004.

19. The Government's nationally owned poverty eradication strategy focused on education, health and vital economic sectors such as agriculture, fishing and the extraction of minerals and related industries, as well as promotion of peace and stability. Private sector intervention, particularly through foreign direct investment, had also been critical in enhancing national productive capacity and international investment.

20. Despite significant progress, however, like other least developed countries, Mozambique continued to experience problems such as acute cyclical food shortages. Despite food production surpluses in some parts of the country, it was sometimes quite difficult to move those surpluses to the areas in need because of inadequate transport and commercial networks.

21. The least developed countries suffered from their reliance on commodities and remained exposed to fluctuations in world prices for them. Therefore, the biggest challenge was adding value to commodities. Investment in manufacturing industries based on commodities produced in the country would increase the competitiveness of least developed countries in world markets and increase domestic revenues.

22. However, the biggest challenge remained the creation of effective productive capacity. Measures such as the African Growth and Opportunity Act and Everything but Arms initiatives had not benefited many least developed countries because of their low productive capacity. Greater investment in that area was therefore needed.

23. The least developed countries had assumed their share of responsibility in the area of democratization and adoption of sound political and macroeconomic policies to meet the goals set by the Brussels Programme of Action. It was high time for development partners to assume their share, through increased and stable ODA and foreign direct investment flows.

24. **Mr. Chicoti** (Observer for Angola) said that resource mobilization and poverty eradication were a major challenge for Angola, where a long, devastating war had destroyed most of the important infrastructures. His Government's priorities for the current decade were to increase agricultural and industrial productivity and to invest in the social sector, including the reintegration of displaced persons and demobilized soldiers. Angola was committed to achieving macroeconomic stabilization by strengthening its private sector, fostering foreign direct investment, creating optimum conditions for trade and ensuring good governance, transparency and accountability in managing the revenue from oil exports.

25. In cooperation with its developed partners and multilateral organizations, his Government planned to organize an international donor conference to mobilize resources for the nation's economic rehabilitation and reconstruction. Developed countries should honour their commitments, particularly those relating to increased ODA and investment flows, debt cancellation and free market access; he commended Denmark,

Ireland, Luxembourg, the Netherlands, Norway and Sweden for allocating 0.2 per cent of their GNP to ODA to least developed countries.

26. Lastly, developed partners should allow the least developed countries to participate in the multilateral trade system and should foster their integration into the world economy.

27. **Mr. Moreno** (Cuba) said that the industrialized countries should fulfil their commitment to allocating 0.15 per cent to 0.2 per cent of GNP to least developed countries and should eliminate the accompanying political conditions that threatened those countries' ability to take sovereign decisions. The manner in which the least developed countries were integrated into the world economy, and especially the multilateral trading system, must be substantially transformed and lasting solutions to their external debt situation must be sought; the HIPC Initiative had achieved few results.

28. The least developed countries needed to become less dependent on exports of primary products, which had been losing value dramatically and systematically on international markets. It was also necessary to reverse the trend towards loss of markets and falling exchange rates as a result of high poverty levels and scarcity of trained personnel in those countries and to substantially improve initiatives for giving them preferential market access.

29. It was important to cooperate with international institutions in research that would help the least developed countries to understand the structure of supply chains and to identify the stages at which added value was generated and would assess their potential to participate in those chains and to implement national policies that would increase the income derived from added value incorporated into their final products. South-South cooperation should complement North-South cooperation rather than replacing it.

30. However, the greatest need was for solidarity; a reduction of consumerism in the industrialized countries would generate more than enough resources to resolve many of the most pressing problems faced not only by the least developed countries, but by the Third World as a whole.

31. *Ms. Rasi (Finland), President, took the Chair.*

32. **Mr. Frangialli** (World Tourism Organization) said that tourism was one of the rare areas in which developing countries and countries with economies in transition enjoyed a surplus in their trade balance with Organization for Economic Cooperation and Development (OECD) countries. Tourism created a demand for large numbers of employed and self-employed workers, including women, young people and members of indigenous communities; led to the establishment of many small, often family-run, enterprises; created market opportunities in the supply chain; and opened market economies to foreign trade. Tourism foreign exchange earnings represented a substantial contribution to the balance of payments, financed imports, reduced foreign debt and minimized dependence on a single export system, usually a raw material of low value and subject to international price fluctuations.

33. Tourism receipts in the least developed countries had more than doubled in the 1990s and had become the main source of foreign exchange revenues in all but three of them. Tourism accounted for more than one sixth of non-petroleum exports, far surpassing textiles and raw cotton, and had enabled Botswana and the Maldives to qualify for graduation from the list of least developed countries.

34. The formidable obstacles to tourism development which least developed countries faced in the areas of air access, infrastructure, communications, training facilities and health conditions could be overcome if tourism was given clear priority in national development strategies. The main problems in economies which were insufficiently diversified and subject to dominance effects were induced imports and excessive repatriation of profits. In poor rural areas where farming was often in decline, tourism, and especially ecotourism, could provide an alternative source of employment and prevent emigration to large cities or abroad.

35. He therefore recommended that the Council should ensure that assistance policies were guided by the conclusions of the Brussels Programme of Action and that the agreements concluded between the World Tourism Organization and major financial institutions, including the World Bank and the Inter-American Development Bank, were included in the body of commitments which the international community had made and must respect.

36. The liberalization of tourism services had not been accorded its rightful place in trade negotiations. While included in the General Agreement on Trade in

Services (GATS), it suffered from the absence of a clear statistical identification and of an adequate methodological approach; moreover, the GATS had not yet proved to be an operative instrument for the tourism sector because it had no specific annex on that subject. The fact that, 10 years after the signing of the Marrakesh Agreement, no tourism-related dispute had been brought before the dispute settlement body of WTO was proof that there was no effective tool for achieving significant liberalization, in the spirit of the Doha Development Round, aimed at benefiting the tourism industries of the least developed countries.

37. The World Tourism Organization was committed to promoting fair, responsible tourism development and, to that end, had implemented a specific programme focusing on tourism destinations in sub-Saharan Africa, where most of the least developed countries were located. By launching with the United Nations Conference on Trade and Development (UNCTAD) a joint initiative, Sustainable Tourism-Eliminating Poverty (ST-EP), it hoped to harness tourism's potential as a driving force for poverty alleviation; he invited States to support the foundation established under that initiative.

38. **Mr. Wolski** (Poland) said that he shared the Secretary-General's conclusion that it was essential to intensify national efforts to attain the Millennium Development Goals and to further enhance multilateral endeavours in the spirit of international solidarity. In that connection, he expressed his full support for the international community's efforts to mobilize resources with a view to reducing poverty in the least developed countries.

39. The search for new poverty reduction instruments must be pursued. One of the most successful tools employed by Poland to reduce its enormous external debt had been the debt-for-environment swap, which had released resources for investments in environmental protection while alleviating external debt. Such a mechanism could be beneficial for the least developed countries.

40. Economic growth and accelerated development in the least developed countries were largely dependent on those countries' participation in the international trading system. Consequently, trade liberalization, regional integration and sectoral reform must not run counter to their long-term development needs. Those countries' integration into the world economy should be accompanied by the consolidation of democracy and the rule of law. Good governance, solid institutions and respect for human rights and fundamental freedoms, including the empowerment of women, were all necessary in that regard. Furthermore, in view of its serious concerns about the implications for global development of the situation in failing States, Poland took the view that a global strategy to deal with those States was required.

41. As an emerging donor, Poland was aiming to increase the level of its development cooperation to 0.1 per cent of its gross domestic product (GDP) by 2006. Increasing the effectiveness of development cooperation entailed responding to the needs of partner countries, simplifying and harmonizing operational procedures and better coordinating activities. To that end, and within the framework of the European Union, Poland had participated in the implementation of a harmonization agenda for poverty reduction. Since it took the view that education was a basic requirement for development, Poland was focusing its attention on technical assistance and human resources development. It also stood ready to share its experiences of the transition to democracy and a market economy.

42. It was important to begin considering a new generation of policies and programmes that would reach beyond 2015 and focus on the future impact of demographic changes, since long-term forecasts indicated that the population of the least developed countries would continue to rise rapidly. In order to mitigate the negative effects of tensions arising from globalization and demographic transition, the international community must focus not only on economic growth but also on resolving issues relating to health, education, employment and ageing at the national, regional and international levels.

43. **Mr. Sesay** (Observer for Sierra Leone) said that past declarations and ambitious plans had failed to eradicate poverty or improve living conditions in the least developed countries. It was no wonder that the list of such countries continued to expand and that graduation to middle-income status was almost negligible; the attention to their development had been high on rhetoric but dismally low on implementation and the Brussels Programme of Action was not on the agenda of some United Nations agencies, despite claims that it had been mainstreamed into their work programmes. He fervently hoped that the conclusions of the high-level segment would be translated into

concrete action and that a partnership framework for the implementation of those conclusions would be developed.

44. Like many developing countries, Sierra Leone had benefited little from globalization. After 10 years of civil war, it was struggling to restore basic social services; over 70 per cent of its population was living on US$ 8 a day. School enrolment was below average for the least developed countries, access to information and technology was very limited and the mortality rate was among the highest on the planet. The nation's agriculture and mining sectors were underdeveloped and its per capita productivity was one of the lowest in the world. Yet no one could deny its long-term viability; with the help of its development partners, it was working to harness its rich human and natural resources and to relaunch its economy. His Government was implementing an interim poverty reduction strategy paper (IPRSP) and a national recovery strategy programme and hoped to have a draft of the full poverty reduction strategy paper (PRSP) ready by the end of July 2004.

45. His Government realized that its development policy hinged on reducing dependency on external funding. In an effort to boost domestic revenue, it had established a national Revenue Authority; however, it was still far from able to fund its recovery and development programmes and, in the medium term, would rely on the good will of its development partners to mobilize the necessary resources for its "pro-poor" programmes. External budgetary support, which had stood at 85 per cent at the start of the war, remained at a staggering 64 per cent.

46. The Government was committed to targeting new grants and contractual concessional loans and had had some success in attracting ODA, especially for its recovery agenda, but it still needed to attract foreign direct investment (FDI). To that end, it was creating an enabling environment for potential investors who could create jobs for a young, but currently idle, population that needed to be engaged, if only to prevent a recurrence of the nation's recent history. The Government was also encouraging private-sector-led development of the economy and was establishing community banks and branches of commercial banks in rural areas. A national microfinance policy based on best practices had been developed to promote resource mobilization in the informal financial sector.

47. Lastly, the Government and people of Sierra Leone were grateful for the bilateral and multilateral assistance received from the country's development partners and hoped that they would not weary of the constant requests during the period of national reconstruction.

48. **Mr. Kloke-Lesch** (Germany) said that the least developed countries were important partners in Germany's development cooperation policy. In that connection, and within the framework of the commitment made by the European Union, the German Government's objective was to increase the ratio of ODA to GNP to 0.33 per cent by 2006.

49. In view of the recently expressed doubts regarding the least developed countries' ability to achieve the objectives of the Brussels Programme of Action, the international community faced a number of challenges. First, there was a need to further enhance an enabling environment for sustainable development through, inter alia, the promotion of good governance, democracy and economic reform. In that connection, Germany attached particular importance to sustainable regional and national peace and security perspectives, especially in sub-Saharan Africa.

50. Secondly, it had become clear that the least developed countries were facing major challenges with regard to the creation of productive capacities. The German Government was providing assistance to those countries through the promotion of development strategies for labour-intensive and agro-based small and medium-sized enterprises.

51. In view of the need to create new sources of funding for the Millennium Development Goals, the international community must mobilize sufficient political will to actually implement those new strategies. Furthermore, rising oil import bills meant that the least developed countries were finding it increasingly difficult to unlock existing potential for economic growth and poverty reduction. In that regard, the International Action Programme adopted at the International Conference for Renewable Energies outlined concrete steps for investment in modern sources of renewable energy.

52. Thirdly, the German Government was helping the least developed countries achieve debt sustainability by cancelling all eligible trade debts for the heavily indebted poor countries and all debts arising from financial cooperation for those countries and the least

developed countries. In addition, at the national and European levels, Germany also contributed a significant proportion of the costs involved in the debt cancellation process. Nevertheless, the structural causes of indebtedness still remained, and a number of least developed countries that had benefited from debt relief measures had once again accumulated external debt or fallen into arrears. For that reason, the German Government supported the recent World Bank/International Monetary Fund initiative to develop a framework of rules to protect low-income countries from incurring high levels of debt and to foster debt sustainability.

53. Lastly, following the setbacks at the WTO Ministerial Conference in Cancún, it was in the interest of the global economy to resume world trade negotiations as soon as possible. However, if such negotiations were to be successful, all sides would need to compromise in order to take account of widely diverging interests and the strengths of the developing countries in the area of foreign trade. The German Government was continuing to campaign for the global economic regime to be framed in such a way as to enable the developing countries, in particular the least developed countries, to make better use of their opportunities. In that connection, there was a need to phase out agricultural export subsidies, eliminate trade-distorting domestic support and improve market access for the developing countries.

54. **Mr. Oratmangun** (Indonesia) said that, while he welcomed the progress made in the implementation of the Brussels Programme of Action, it seemed unlikely that most of the least developed countries would achieve its objectives, in particular the overarching objectives of poverty and hunger eradication, or the Millennium Development Goals by 2015. Therefore, the outcome of the current meeting should contribute meaningfully to the creation of an enabling environment for the least developed countries at both the domestic and international levels.

55. The international community must continue to spare no efforts to address important issues affecting developing countries as a whole, namely, trade, ODA and external debt, which were crucial to the successful eradication of poverty and hunger and the achievement of economic growth and sustainable development. In that connection, a comprehensive strategy for financing for development for the least developed countries was needed and the partnership framework set out in the Brussels Programme of Action must be honoured.

56. As far as trade was concerned, many least developed countries were facing volatile commodity export revenues on account of excessively unstable primary commodity prices. Reforming the global trading system was critical in order to ensure that commodities from developing countries, including the least developed countries, had freer and more predictable access to developed markets. Likewise, export diversification was increasingly important for the least developed countries if they were to enhance export revenues and financial resources. In sum, a universal, rule-based, open, non-discriminatory and equitable multilateral trading system and meaningful trade liberalization were needed, and it was also imperative to place the needs and interests of developing countries at the heart of the Doha Work Programme and to increase commitment to its implementation.

57. Official development assistance was still a major source of external financing for the least developed countries, since they were unable to attract private and foreign direct investment. While increased levels of ODA had been made available over the last three years, total net official flows had declined and additional disbursements had been concentrated in only a few countries. To remedy the situation, aid delivery mechanisms, including institutional capacity-building for aid management, must be reformed by means of greater policy coherence and coordination at all levels. In addition, credible and predictable medium- and long-term ODA commitments to recipient countries were indispensable.

58. With regard to external debt, development partners should give priority to debt relief and grant elements of ODA. If increased revenues from international trade did not go hand in hand with meaningful relief from debt, the least developed countries would continue to stagnate economically.

59. Indonesia supported the efforts of the Council to assist countries emerging from conflict. In addition, South-South cooperation could contribute positively to the creation of an enabling international environment, since developing countries could work together in solidarity to safeguard and pursue their common development interests by sharing lessons learned and best practices employed in the developing South. In

that connection, the third round of negotiations on the Global System of Trade Preferences, launched during the eleventh session of the United Nations Conference on Trade and Development, was particularly significant.

60. In 2005, Indonesia would be holding the Golden Jubilee Summit of the 1955 Asia-Africa Conference, during which a new Strategic Partnership between Asia and Africa would be launched. That partnership would not only further invigorate South-South cooperation but was also expected to contribute to the development of least developed countries in the relevant regions.

61. **Mr. Ould Meimou** (Observer for Mauritania) endorsed the statement made by the representative of Benin. Recent initiatives undertaken by the international community in order to reduce debt, achieve sustainable human development and good governance and eradicate poverty demonstrated the urgent need to tailor solutions to the specific challenges facing the least developed countries in key areas such as economic competitiveness, access to global markets, the environment and human resources.

62. Development was primarily dependent on States' political will to pursue democracy and ensure respect for fundamental freedoms, in particular the freedoms of expression and association. To that end, in 1993, Mauritania had adopted a pluralistic Constitution which guaranteed the rule of law in a peaceful and stable climate.

63. In 2001, the Government of Mauritania, in collaboration with the private sector, civil society institutions and development partners, had adopted its first Strategic Framework for Poverty Reduction. Since the effectiveness of public policies was largely dependent on establishing new partnerships between the State and other relevant actors, the Government of Mauritania had implemented a strategy for promoting and building the capacity of civil society. That strategy was based on four mutually reinforcing pillars: dialogue between the State and civil society and the involvement of civil society organizations in the institutional mechanisms and procedures for formulating, programming and monitoring public policies; enhancement of the legal and institutional framework; development of alternative perspectives and integration of the views of civil society into development policies and programmes; and institutional and technical capacity-building for civil society. In close collaboration with its development partners, including the United Nations Development Programme, Mauritania had developed a number of specific programmes in key areas such as strengthening the rule of law, reforming the justice system, decentralization and efficient public spending.

64. **Mr. Leslie** (Belize), speaking on behalf of the 13 member States of the Caribbean Community (CARICOM) that were Members of the United Nations, regretted that, despite the tremendous efforts made by the least developed countries to implement ambitious economic reforms, poverty and hunger were all-pervasive in most of those countries. In addition, those dependent on a small number of primary commodity exports were experiencing an increase in extreme poverty levels, which only served to confirm that globalization was reinforcing the vicious circle of poverty rather than reducing it.

65. It was disconcerting that those downward trends were continuing in spite of the upswing in the world economy, but at the same time poverty eradication required more than economic growth alone. The Human Development Report 2003 told the real story of globalization, stating that living standards in almost one third of the developing countries had deteriorated to a point where one in three children died before reaching the age of five. Many analysts believed that, given the existing gaps between those who had plenty and those who had nothing, it would take about 120 years for many poor countries to attain universal primary education, 140 years to cut extreme poverty by half and 200 years to obtain sanitation for all.

66. Consequently, there was a need for strong political leadership, commitment and increased financial resources. The linkages between the Brussels Programme of Action, the Millennium Development Goals and NEPAD should be strongly emphasized and the synergies between them fully addressed. A number of steps were urgently required in order to mobilize resources and facilitate an enabling environment, including the expansion of debt relief to the heavily indebted poor countries and the development of safeguards for those countries to ensure that their debts did not return to unsustainable levels. Donor countries that had not honoured their 0.7 per cent GDP commitments must do so and, in the area of trade, members of the Organization for Economic Cooperation and Development (OECD) should act

transparently and ensure that all trading partners were treated equally.

67. The current situation and the widening gap between developing and developed countries did not augur well for the future. In order to make progress, all partners must display enhanced moral sensitivities, since the successful eradication of poverty would require justice and fairness and an awareness that all peoples shared a common destiny.

68. **Mr. Wang** Guangya (China) said that his delegation was concerned that in some LDCs the growth rate was lower than half the target set in the Brussels Programme of Action, while in others it had declined. LDCs had to contend with the twin challenges of serious lack of investment and insufficient skilled human resources. They had increasingly been burdened by heavy debt and worsening trade terms, and ODA had decreased. The combination of internal and external factors had seriously hampered their economic and social development, and the outlook in terms of financing and mobilization of resources was not very bright.

69. LDCs had formulated strategies and policies with a view to reaching the targets of the Brussels Programme of Action; they had worked hard and achieved some results. Nevertheless, they could not be expected to realize those goals without the support of the international community, which was urged to increase ODA. Other factors that would also assist those countries were: debt relief, especially in highly indebted poor countries; expanded investment; preferential trade terms; and better market access.

70. The Chinese Government had been a staunch supporter of the LDCs in their efforts to emerge from poverty and achieve economic and social development. China was a developing country, yet for 50 years it had provided technical assistance and assistance in kind to LDCs, resulting in more than 800 projects completed in various sectors, including agriculture, industry, health and education. More specifically, his Government had cancelled US$ 1.3 billion of the debt of 31 African LDCs, and reduced the matured debt of some Asian LDCs. During the current year it had launched negotiations on the duty-free treatment of some export commodities of African LDCs. With the development of its own economy, China would be able to make a greater contribution to the economic and social development of LDCs.

71. **Mr. Kaboré** (Inter-Parliamentary Union) noted that, while recent WTO decisions showed that the concerns of LDCs were being taken more seriously, there was still room for improvement. Debt relief remained an illusion. The HIPC Initiative had proved too slow and complex in its implementation, and some LDCs had reached the point where they could no longer cope with their long-term debt. The target for rich countries of 0.7 per cent of GDP to be channelled into ODA for poor countries had still not been reached, and the access of LDCs to export markets was severely restricted. The predominance of an informal economy in those countries was an additional obstacle to efficient mobilization of resources to fund programmes and policies to eradicate poverty. Accordingly, most LDCs would be unable to fulfil the Millennium Development Goals, which was a matter of great concern to the Inter-Parliamentary Union.

72. The Union had often taken up the question of mobilization of resources. In 2001 it had asked donor countries to meet the goal of 0.7 per cent ODA and to increase capital flows and private investment in developing countries. Poverty could be effectively eradicated only if citizens joined the decision-making process at all levels, within the framework of transparent government provided by strong parliamentary institutions.

73. Democracy depended on a true and equal partnership between the sexes. The Union therefore supported women's participation in the political process. They had a particular role to play in the budgetary process, given their role in many countries as educators and as the mainstay of the family. Their social and economic role must be taken into account when devising national strategies for poverty eradication.

74. Given the importance of trade to LDCs and developing countries in general, the Union had established a standing Parliamentary Conference on the WTO designed to increase transparency in the work of that organization and, in particular, to ensure that poor countries were equitably represented at the negotiating table. The Union was working to eliminate pricing disparities for cotton and other raw materials on the world market and to make generic drugs to fight HIV/AIDS more widely available in LDCs.

75. **Mr. Al-Yahya** (Saudi Arabia) noted that the precarious situation in LDCs was due to factors beyond

the countries' control: over-reliance on commodities; external shocks arising out of geographical location; price shocks and the impact of international markets; so-called "donor fatigue"; and slow progress in the area of debt relief. High priority must be given to maintaining and strengthening sound macroeconomic policies; domestic revenue generation must be strengthened; and tax and customs administration must be improved. Although access to formal savings and loan instruments and long-term sources of financing was still limited in many LDCs, experience indicated that effective microcredit instruments were very useful in bringing smaller enterprises into the formal sector. Remittances from nationals working abroad were of special interest and should be placed in productive assets such as small business development.

76. The responsibilities of the international community were great. Saudi Arabian aid to developing countries as a whole since 1973 had averaged nearly 4 per cent of the Kingdom's GDP, or nearly $80 million for the period. It was important to channel investment into effective infrastructure, which was essential to the efficient flow of goods and services. In addition, further steps could be taken to harmonize the actions of donors and to lessen the administrative burden on recipient countries. Well-targeted technical assistance could play a useful role, and foreign direct investment, including of the so-called "South-South" variety, could play a useful role in stimulating local economies.

77. Finally, with regard to the special problem of least developed countries emerging from conflict, there would be a tangible reduction in the risk of conflict if the economies concerned were to grow on a sustained basis. In LDCs, programmes of disarmament, demobilization and reintegration could play a positive role, although more needed to be done. The international community needed to focus greater attention on pre-conflict situations, instead of waiting for conflict to develop or to cease before becoming involved.

78. *Mr. Penjo (Bhutan) resumed the Chair.*

79. **Mr. Kim** Sam-hoon (Republic of Korea) said that the Republic of Korea was widely regarded as a quintessential example of a country that in a relatively short time had moved out of poverty to become an industrialized nation. Some of his country's experiences during its development process might be of value to LDCs.

80. In order to reap the benefits of international trade, LDCs had to increase their efforts to diversify their export base and enhance their production capacities. At the same time, the international community should create a more LDC-friendly multilateral trading system. In that regard the Republic of Korea had, since 2000, provided duty-free market access for numerous items originating from LDCs and, since 1997, been hosting training courses on international trading practices and regulations.

81. LDCs needed to improve their tax administration systems and encourage their citizens to increase savings in the domestic banking sector. Strengthening good governance, promoting wider participation by the general public in the development process and human capacity-building were essential to building an enabling environment for poverty eradication.

82. Sustainable development in LDCs depended on adequate and stable domestic and external financial resources. The two pillars of international cooperation — ODA and debt relief — were critical. His country's ODA had been spent primarily on humanitarian needs, as many of the most urgent problems faced by LDCs were related to survival. In fact, his country had increased its ODA to LDCs from $19 million in 2001 to $55 million in 2002, and planned to increase it further. In addition, the Republic of Korea had invited over 3,500 trainees in different fields from LDCs, and sent 305 experts, medical doctors and Taikwondo instructors to such countries. It had also contributed $10 million to the HIPC Trust Fund in 2003.

83. **Mr. Dauth** (Australia) emphasized the role of strong institutional capacity in creating an enabling domestic environment and the importance of international trade for resource mobilization. Developed countries had a responsibility towards the least developed countries to promote equitable growth through greater trade liberalization and investment, including between those countries and other developing countries. The least developed countries in turn required stability, good governance and the rule of law to ensure that domestic resources were used to provide essential services and infrastructure. Experience had shown that sustainable reductions in poverty had been achieved through openness to trade

and investment, country-driven development strategies and sustained investment in human capital.

84. Australia placed great emphasis on the role of good governance, as poor governance undermined development and made countries more vulnerable to transnational crime and domestic corruption. Its importance had been demonstrated by events in the Solomon Islands, where Australia and its regional neighbours had taken a practical approach to the problems of weak government structures, failing public services, corruption and lawlessness. It had focused on the return of law and order and the stabilization of government finances to enable basic service delivery, which would be followed by more comprehensive reforms of the machinery of government, economic and financial management and the administration of law and justice.

85. In recognizing the particular needs of least developed countries, Australia provided duty- and quota-free market access without conditions for all goods from least developed countries, and it encouraged other countries, both developed and developing, to consider such arrangements. A successful conclusion to the current Doha Development Round would also help to promote growth and development and alleviate poverty. His delegation welcomed the renewed focus on the importance of implementing the Brussels Programme of Action.

86. **Mr. Al-Shamsi** (United Arab Emirates) said that the report of the Secretary-General recognized that it was unlikely that the goals of the Brussels Programme of Action would be achieved on time, and recognized that the consequences of delaying their implementation would be a further worsening of conditions and continued armed conflict in the least developed countries. His delegation therefore called on the donor countries to meet their development assistance commitments and the recipient countries to exert the maximum effort to fulfil their pledges to reform and strengthen their economic and social institutions, creating an enabling environment for development.

87. His country's national development policy was aimed at developing human capital while using oil revenue to build infrastructure in the industrial and agricultural sectors in order to avoid total dependence on oil income. Economic diversification and liberalization, strengthening of the private sector, promoting investment in manufacturing, emphasizing human development and protecting the environment were the elements on which his Government had based its strategy for creating an enabling environment for development. It had adopted an external development policy based on bilateral, regional and international cooperation and trade partnerships to assist the least developed countries with their development programmes and to help in the reconstruction of countries emerging from armed conflict. It had opened its labour market to migrant workers, who accounted for 82 per cent of the country's work force, and contributed to development through remittances to their home countries.

88. His delegation hoped that the discussions at the high-level segment would succeed in revitalizing the pledges made by the international community within the context of the Brussels Programme of Action.

89. **Mr. Hachani** (Tunisia) said that, despite the major scientific advances over recent decades, much of humanity still struggled daily to meet its basic needs for food, shelter, education and health care. Developing countries, including the least developed countries, were indeed responsible for their own development and for sound domestic policy, but their efforts alone would not be sufficient. Since the Brussels Conference, many developing countries had made progress towards the goals of the Programme of Action. Although sacrifices had been required, they had pressed forward in their determination to create an enabling environment for integration into the world economy. The Secretary-General's report (E/2004/54) had proposed measures to be taken both by the least developed countries and their partners to reverse the trend towards marginalization. He called on donor countries to respect their commitment to the target of 0.7 per cent of GDP for ODA and expressed appreciation to those Governments which had met and even exceeded it. New methods for resource mobilization, based on cooperation, solidarity and mutual assistance, must be found in order to strengthen conditions for security, stability and development.

90. The Tunisian National Solidarity Fund had been the inspiration for the World Solidarity Fund, established by the General Assembly to eradicate poverty and promote social and human development in developing countries. The National Solidarity Fund had produced a significant reduction in the poverty rate in Tunisia, mainly through microprojects financed

through a variety of sources. He called on the entire international community to pool its resources through the World Solidarity Fund and welcomed the establishment of the high-level committee of eminent persons who would manage the Fund and mobilize resources.

91. Modern information and communications technologies must be used to stimulate the economic and social development of the developing countries, including the least developed countries, and in that context the forthcoming second phase of the World Summit on the Information Society, to take place in Tunis, took on even greater importance. The Summit should strengthen international and regional cooperation to reduce inequalities between rich countries and developing countries in acquiring advanced digital technology.

92. The Millennium Summit, the Brussels Conference on the Least Developed Countries and the Monterrey and Johannesburg Conferences had produced promising and realistic initiatives that would lead the developing countries back to the path of progress.

93. **Mr. Bennouna** (Observer for Morocco) said that his country, which was committed to South-South cooperation in the context of NEPAD, fully supported the efforts of the least developed countries to eradicate poverty. The King of Morocco had recently visited five sub-Saharan African countries with a view to promoting economic, trade, technical and cultural cooperation with those countries by means of practical development projects. In that context, document E/2004/52 contained the Rabat Declaration adopted by the Extraordinary Ministerial Conference of the Least Developed Countries, held in Rabat on 24 and 25 June 2003.

94. Although some progress had been made in the least developed countries, the poverty exemplified by the fact that half their populations lived on less than US$ 1 a day prevented them from mobilizing the resources required for their ambitious economic and political reform programmes. Moreover, the international environment was not always favourable to the least developed countries' development: the prices of the commodities on which over 31 countries depended for their export revenue continued to fall, while various forms of protectionism persisted in the developed country markets. Morocco had therefore decided to guarantee free access to exports from the least developed African countries. He appealed to all developed countries — and other developing countries — to do likewise and to refrain from setting export quotas or adopting non-tariff protection measures.

95. Another crucial factor for the least developed countries was ODA. The developed countries should respect their commitments, in accordance with the Brussels Programme of Action and other statements. The ODA target of 0.15 per cent of GNP should be achieved by 2006.

96. The burden of debt weighed heavily on the least developed countries, absorbing their resources and hindering the financing of economic development programmes. Moreover, many were falling ever deeper into debt. The international community should take urgent action to speed up implementation of the HIPC Initiative. In that context, he noted that Morocco had decided to cancel the debts owed to it by a certain number of less developed African countries. Another issue that remained to be resolved was the obstacles faced by expatriate workers in transferring resources to their own countries. Although such transfers formed the principal source of hard currency for some poor countries and were used to combat poverty and provide health and education services, no decision had yet been reached on reducing the cost of transactions. The United Nations should encourage all the parties concerned to work to remove existing obstacles.

97. Lastly, the international community should recognize that globalization had failed to take account of the interests of the least developed countries. That situation must change, not only in order that they might combat hunger, poverty, disease and the violence that often ensued, but also because there could be no security throughout the world without development or respect for human dignity. That must be the challenge of a changing world.

98. **Ms. Glendon** (Observer for the Holy See) noted with concern that economic growth rates in the least developed countries had fallen below the levels needed to make inroads into poverty reduction; investment flows had not increased significantly; and ODA had been inadequate. Moreover, many of the least developed countries were in a post-conflict situation. Such difficulties should, however, be regarded as a spur to more intense efforts by the development

partners. An internationally agreed approach, as exemplified by the Brussels Programme of Action, had the potential to unlock the door leading out of the prison of poverty. The key to that door could not, however, be turned by one party alone. The developed countries should take the lead both in showing greater solidarity and in abandoning their group interests for the common good. The question was how best to achieve that aim and how commitments already made could be revitalized.

99. Financial support must be channelled into well-prepared productive investments that provided clear benefits to the communities for which they were intended. Local capacity must also be built up to implement such investments, and transparency and accountability procedures should be put in place. Meanwhile, the international community should work towards a fair distribution of profits.

100. Any measure to promote lasting development must protect human dignity and culture. While it was widely understood that natural environments were at risk, less attention had been paid to the growing crisis in humanity's fragile social environment. Families had been devastated by the HIV/AIDS pandemic and by rapid social and economic change. Development policies must therefore be attentive to their impact on endangered social environments.

101. The least developed countries were rich in human potential. The realization of that potential required that careful attention should be paid to the situation of women and girls; their full and equal access to education and health, as well as to civil, political, economic, social and cultural rights, must be assured. The experience and resources offered by faith-based initiatives should be fully utilized to that end.

102. The chief obstacle to victory over hunger and poverty was the lack of political will, which in turn was due to a certain poverty of imagination among the more fortunate peoples of the world, a failure of empathy and an inability to recognize the interdependence of all human beings. The Holy See reaffirmed its historic commitment to providing education, health care and other basic services to the poor and its corresponding mission to open the hearts of the privileged.

103. **Mr. Tidjani-Serpos** (Assistant Director-General for Africa, United Nations Educational, Scientific and Cultural Organization (UNESCO)) said that one of the main constraints facing the least developed countries in their efforts to avoid marginalization was their size: most were small countries with small markets. The situation called for regional integration through such organizations as the African Union to allow those countries to compete in international markets. As an example of cooperation at the subregional level, some countries in Africa had pooled their educational resources to provide a consistent standard of primary education throughout all the countries in the subregion.

104. Another major obstacle was the fact that many least developed countries were in post-conflict situations. They were attempting to recover from loss of life, degradation of their cultural and physical resources, severe damage to their infrastructure, loss of biodiversity and the spread of AIDS and other endemic diseases. Under such conditions, they would find it almost impossible to implement the Brussels Programme of Action.

105. In order to respond to that situation, it was first necessary to mobilize the people to take their destiny into their own hands. They must then proceed to form partnerships in civil society and across national and regional borders to help each other carry their burdens.

106. **Mr. Waki** (United Nations Population Fund) said that only by mobilizing resources, both international and domestic, would the international community live up to the goals, set out in the Millennium Declaration, of ensuring poverty reduction in the least developed countries. The world had reached a critical juncture and 2005 might prove to be a turning point for development. The United Nations Population Fund (UNFPA) was committed to such development. Its limited resources heavily prioritized the least developed countries and it worked with the United Nations Development Group to enhance the effectiveness of the two organizations' collective efforts through improved analysis, more strategic programming and harmonized procedures to reduce the burden on national partners. Sharper focus, greater organizational competence and accountability were crucial.

107. Action must be taken to deal with the challenges posed by civil conflict and population displacement, as well as international migration, with the resulting acute shortage of skilled health workers. Attention must also be focused on the question of rapid population growth: with growth rates eight times higher than those in

industrial nations, the population of the least developed countries was expected to increase by 220 million by 2015. The result would be environmental degradation and reduced cropland per person.

108. In the least developed countries, half the population was under 18, which represented an important opportunity for growth and transformation, if massive investments were made in education, health care and training. On the other hand, there was also a possibility of social unrest and conflict, if the international community remained passive or was limited in its response.

109. Another factor was the devastation caused by HIV/AIDS. The poorest countries could not fight the disease alone, although their leadership and commitment were critical. The maternal health and family planning clinics established over the past four decades were of particular importance in that regard.

110. The UNFPA Global Survey for 2004 showed that the vast majority of countries had put in place a policy and legal framework for population and development, reproductive health and gender equality, so progress was being made. The policies and the general consensus existed; but the international community was far from realizing its aspirations. The challenge was to build on the solid foundation that had been established.

111. **Mr. Harcharik** (Food and Agriculture Organization of the United Nations (FAO)) said that pervasive extreme poverty and rising levels of hunger were impeding the growth of least developed countries and leaving them vulnerable to conflicts. They should invest in agriculture in order to unlock their development potential. Reducing the incidence of hunger and malnutrition was fundamental to economic growth and poverty reduction. It required the improvement of rural livelihoods, especially by increasing the productivity of small farms, and broadening access to food for those who could not produce or buy it. Measures to reduce hunger could be an important precursor to higher economic growth and increased output. Research had shown that better performance in agriculture, especially by small farms, resulted in poverty-reducing growth. That finding was of particular relevance to least developed countries, since better economic performance in the late 1990s in sectors other than agriculture had not translated into a decline in the incidence of extreme poverty and hunger. It had been productivity increases in agriculture, which in turn had generated increased production, income, savings, investments and demand for goods and services, that had created the necessary conditions for development.

112. Yet domestic and external resources for agriculture had not matched its importance in poverty and hunger eradication. Domestic spending on agriculture in least developed countries had not reflected agriculture's share of GDP, the labour force or per capita incomes. That meant that external resources were the main catalyst for investing in agriculture, yet external investment in agriculture had been declining. On the domestic side, African heads of State and Government had pledged a year ago to allocate, within five years, at least 10 per cent of national budgetary resources to the implementation of the NEPAD Comprehensive Africa Agricultural Development Programme. Also, internationally, World Bank lending to agriculture had begun to increase. National development, poverty reduction and aid strategies needed to assign much higher priority to the reduction of chronic hunger and to productivity improvement in the small-scale farming sector. The allocation of both domestic and external resources would need to reflect that priority. International advocacy to encourage action was also required. Ultimately, the long-standing promise of development for the world's poorest countries had to be honoured, and that promise could best be met by feeding the hungry and by helping them to feed themselves through investment in agriculture.

113. **Mr. Vincent** (World Food Programme (WFP)) said that life for hungry people was likely to be particularly difficult in 2004. International food prices had continued to climb and some analysts predicted a 9 per cent increase in grain prices — which were already at their highest level in five years — in 2004. A donation to WFP would therefore buy less food than in the past and, at the same time, stocks in the major food-exporting countries had shrunk, so that any surpluses that might have been available as food aid had been dramatically reduced. Rapid price fluctuations could send whole communities into crisis. Moreover, fuel and ocean freight rates had risen even more sharply than food prices.

114. Nearly all the G-8 countries — traditionally the biggest food aid donors — were running budget deficits. Moreover, WFP and other large providers of

food received more contributions in United States dollars than in any other currency, but the dollar's value had declined. Those difficulties were compounded by the fact that the volume of food aid had dropped by one third since 1999. It was at its lowest level since the start of international food aid programmes.

115. While a new trade agreement on agriculture resulting from the Doha Round was likely to be good news in the long term, people in poor countries that relied on food imports were likely to suffer initially, since food prices were likely to increase as subsidies were lifted. Trade liberalization in agriculture was no panacea for the poorest of the poor.

116. The WFP and other organizations worked hard to target those who needed food most. For those who were always hungry, food aid could help them apply their energy to productive activities that would contribute to economic growth rather than burdening it. Yet there was a risk that international negotiations on agricultural trade would treat donations of food aid as surplus disposal and seek to abolish them. Were that to happen, the poorest and most hungry would have lost one of their few chances of a better future.

117. It was imperative to reduce the number of children and mothers who died needlessly. Almost 11 million children under five died every year from preventable diseases and malnutrition contributed to 60 per cent of those deaths. Moreover, 300 women died in childbirth every day because they suffered from anaemia, a condition affecting more than half of all pregnant women in developing countries but preventable if food was fortified with iron. Over 100 million children did not go to school because their parents were too poor to send them. The provision of meals in schools could reverse that situation: in some cases, enrolment had tripled once school meals were provided.

118. Even HIV/AIDS had a worse impact when people were hungry: it caused hunger and hunger fanned the fire of HIV by forcing hungry people to migrate to cities or engage in prostitution. At the same time, people who were HIV-positive had greater nutritional needs.

119. Work on all the Millennium Development Goals must focus on the poorest countries, and on Africa in particular. Unfortunately, most development aid was still focused on the better-off countries: only 26 per cent of ODA had been directed to the least developed countries in 2002. It was no accident that WFP had invested double that proportion of its resources in the least developed countries in 2002 and even more — 71 per cent — in 2003. The least developed countries needed special attention from the international community.

120. **Mr. Barnes** (International Federation of Red Cross and Red Crescent Societies) endorsed calls for the building of an enabling environment that must include the engagement of local communities and the use of local resources. It was difficult to envisage a successful campaign to eliminate poverty within a culture of intolerance and discrimination, and more attention needed to be paid to the affirmation of shared ethical values. A community-focused approach to development should enhance the role of volunteerism and reduce institutional or legislative barriers to volunteer activities. An enabling environment was one in which the barriers to the immediate delivery of disaster relief were eliminated and where risk reduction programmes were fostered. That was why his organization focused on the capacity-building of its national societies in the least developed countries. It was also why it was promoting the International Disaster Response Law Project. An enabling environment was one which seriously addressed public health issues, particularly HIV/AIDS. The enhancement and utilization of local capacities to address the special problems of stigma and treatment were essential to success in that area. His organization had been effective in mobilizing public support for disaster relief, but had fallen short in its desire to extend the effort from simple relief to significant risk reduction and sustainable development. It was prepared to work in partnership with the international community and to contribute its humanitarian resources, expertise, networks and money. His organization needed the support of the international community in fulfilling that essential humanitarian mission. The Millennium Development Goals were achievable, but not without the comprehensive and active participation of communities and the building of partnerships for development.

121. **Ms. Davies** (NGO Forum Coalition, NGO Civil Society Forum) presented the recommendations that had arisen from the meeting held by the organizations on whose behalf she was speaking on the theme of resource mobilization and enabling environment for

poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the decade 2001-2010. In terms of fostering a people-centred policy framework, the meeting had recommended that the efforts of civil society organizations to establish or expand participatory decision-making processes should be increased through long-term capacity-building in education and skills training, particularly at the grassroots level. It had also recommended that cross-sector partnerships should be promoted between public, private and civil society organizations aimed at a comprehensive approach to poverty reduction and sustainable development in line with Millennium Development Goal 8, and that demilitarization should be promoted and budgetary resources reallocated to human development.

122. On the question of good governance at national and international levels, the meeting had recommended that transparency and accountability should be increased at all levels of government — international, national and local — and that a right-based approach should be adopted towards development whereby basic needs, such as water, food, education, health and shelter were considered public rights and were affordable by all citizens. Concerning the building of human and institutional capacities, the meeting had recommended participation by women in decision-making processes that affected their lives and development through their empowerment and gender equality, ensuring education for all, particularly at the primary level, and enhancing the inclusion of the girl-child in education, as well as improving access to the formal labour market through job-oriented training. There should be greater commitment by developed countries to contributing resources on an emergency basis to control the spread of HIV/AIDS and other infectious diseases, and to facilitate the establishment and development of information and communication technology in the least developed countries to enable poor people to participate in international markets.

123. The meeting had recommended that production capacities should be built up in order to make globalization work for the least developed countries. Official development assistance to those countries had to be increased so that all partners reached the target of 0.7 per cent of GDP. Land reforms had to be implemented in order to provide poor people access to land and to address women's claims to land rights as individuals. Trade barriers to goods from the least developed countries and agricultural subsidies to farmers in the developed countries had to be removed, and corporate responsibility on the part of multinational companies that invested in developing countries had to be encouraged. High priority should be given to the provision of clean water, improved water management and sanitation. Environmental protection in accordance with sustainable development principles had to be encouraged through the enforcement of national and international legislation and stronger implementation measures and fines. Legislation containing a "polluter pays" clause had to be adopted.

124. Finally, the meeting had recommended the cancellation of the external debt of least developed countries, so that income could be redirected to meeting the health, education and basic needs of the poorest citizens. Also, foreign direct investment which facilitated the development of sustainable infrastructure had to be encouraged.

125. **Ms. El Mamy** (Association mauritanienne pour le bien-être et le secours de l'enfant et de la mère) made a statement on behalf of the NGO and civil society organizations of French-speaking least developed countries, which had held a workshop at Nouakchott, Mauritania, in April 2004 on resource mobilization and enabling environment conducive to poverty eradication. The meeting had recommended the development of internal human and natural resources by preparing an inventory of those resources and potentials and ensuring their rational management and optimal use with a view to developing and implementing integrated development programmes. The meeting had also recommended on-site processing and development of local products, giving priority in resource allocation to socio-economic growth sectors, better protecting, conserving and restoring the environment and natural resources, promoting networking, developing human resources by improving living conditions and promoting greater use of local expertise, especially young people and women, facilitating the access of handicapped persons and including them in the development process, strengthening the capacities of non-governmental organizations and making them fully integrated actors in good governance and development, and promoting the development of small businesses and their access to microcredit.

126. As for the mobilization of external resources, the meeting had demanded debt cancellation for poor countries and the launching of a Marshall Plan to benefit the sustainable development of the least developed countries, simplified procedures with a view to increasing the capacity to utilize available financing, facilitation of unconditional access by least developed countries to international trade and making better use of information and communications technologies.

127. The meeting had recommended that good governance in the service of development and peace should be ensured at local, national and international levels, that a legal and institutional framework should be created which would be suitable for the participation of NGOs, that subregional and regional cooperation and integration should be developed for developing countries and that civil society partnership with the United Nations system, governments and other bilateral and multilateral cooperation organizations should be strengthened.

128. **Mr. Arkle** (NGO Forum Coalition) presented a broad overview of the recommendations made at the NGO civil society workshop, held in February 2004, at Kelowna, Canada. The forum of more than 50 Canadian NGOs had identified a number of crucial issues to be addressed in the least developed countries and had presented recommendations and proposals for partnership with the United Nations in the framework of the informal regional network. The meeting had recommended that each least developed country should define a clear vision for its future based on an efficient use of its resources. Structural integrity, accountability in leadership and opportunities for nationals had to be encouraged. A consensus on that vision and strategy had to be reached following a participatory process. All social, economic and political stakeholders should participate in the process of integrated development within participatory governance at all levels. Emphasis had to be given to a realistic and feasible comprehensive and integrated approach to poverty alleviation and sustainable development, paying attention to land reform, agricultural technology, market access and trade policies. Aid commitments had to be fulfilled and distributed effectively. Just monetary policies had to be promoted and support given to efforts towards forgiveness of debt.

129. International institutions and the Canadian Government had to be encouraged always to prioritize integrated and comprehensive development programmes as a major tool to alleviate poverty in the least developed countries. Universal education utilizing a relevant curriculum had to be promoted through increased funding, resources and training, with encouragement being given to promoting the education of women. Education was to be expanded to include life skills and sustainable development. It was necessary to create networks among Canadian NGOs in order to facilitate those objectives. The prevention and resolution of conflicts had to be prioritized and citizens educated about consultation and consensus to promote confidence in peaceful conflict resolution. Finally, access to drugs and responding to the special needs of affected children had to be encouraged in order to address the HIV/AIDS pandemic, and NGOs must participate in promoting best management practices for HIV/AIDS prevention and treatment.

*The meeting rose at 7.30 p.m.*

United Nations

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# Economic and Social Council

Provisional
17 August 2004

Original: English

**Substantive session of 2004**
**High-level segment**
**Provisional summary record of the 20th meeting**
**Held at Headquarters, New York, on Wednesday, 30 June 2004, at 10 a.m.**

*President*: Ms. Risa .......................................... **(Finland)**
*later*: Mr. Aliyev .......................................... **(Azerbaijan)**

## Contents

**Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 (*continued*)**

**Corrections to this record should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent *within one week of the date of this document* to the Chief, Official Records Editing Section, room DC2-750, 2 United Nations Plaza.**

*The meeting was called to order at 10:15 a.m.*

1. *The meeting observed a minute of silence in memory of the victims of the United Nations helicopter crash in Sierra Leone.*

## Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 (*continued*)

2. **Mr. Lainez** (El Salvador) considered the high-level segment an opportunity to share possible solutions to the problems afflicting many countries. His own country had renewed its commitment to seek social peace, progress with equity and freedom with responsibility, with the Government focusing on democratic governance and consensus and closely reflecting the needs of the people. Its goals included promotion of human rights and fundamental freedoms, social progress and economic development for all, and social concert based on gender equality and the creation of employment.

3. Reaffirming his country's commitment to the implementation of the internationally agreed development goals, he highlighted the constraints that developing countries faced, including instability in the international economy, low prices for their exports, and their general vulnerability. Those factors reduced their ability to meet international commitments for sustainable development. In that regard, an enabling international environment should be promoted through increased foreign direct investment (FDI) and official development assistance (ODA) in order to bring the benefits of globalization to the poorest States.

4. The constant fluctuation in the price of oil and its derivatives posed serious problems for developing countries, compelling them to reallocate additional sums, originally earmarked for economic development. That important issue should be reflected in the Ministerial Declaration to be adopted at the end of the high-level segment. He urged all countries, in particular, the oil-producing countries, to demonstrate their solidarity and international cooperation with developing countries and explore alternative means of achieving economic stability, so that resources earmarked for social development were no longer diverted.

5. **Ms. Saborio** (Observer for the Committee for Development Policy) introduced the report of the sixth session of the Committee (E/2004/33). The Committee had addressed major themes including the improvement of resource mobilization and the creation of an enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Development Countries for the Decade 2001-2010. The Committee had recommended that the least developed countries (LDCs) should institute governance systems characterized by participatory and transparent decision-making processes and adequate accountability. The power of new information and communication technologies (ICTs) must be harnessed for that purpose.

6. Another recommendation, aimed at achieving macroeconomic stability, had to do with the establishment of national vulnerability reduction funds. Such funds could use the increased resources available during surges in commodity markets to tide them over the lean years, thus allowing for an anti-cyclical — as opposed to pro-cyclical — fiscal stance. A number of suggestions designed to improve financial management and foster domestic savings had also been made and the Committee had stressed the need to address the debt issue, to unleash the potential of increased aid effectiveness by untying the aid, and to support country priorities while harmonizing donor policies and practices in all the forms of aid delivery.

7. **Ms. Hrda** (Observer for the Czech Republic) said that improvement of partnerships at national, regional and global levels was essential, as the efforts to mobilize greater domestic and international resources for development in the LDCs had proved insufficient. Her Government supported the strengthening of multilateral development assistance, as well as close cooperation among United Nations funds and programmes, the Bretton Woods institutions and donor and recipient countries. The Czech Republic was constantly intensifying its development cooperation. While in 2001 its ODA had accounted for 0.065 per cent of the gross national income (GNI), by 2003 it had reached 0.1 per cent of the GNI and it was expected to grow by another 20 to 30 per cent in the current year.

8. Her Government's development assistance projects were mainly focused on the strengthening of local supply capacities, especially in the areas of hydrological research, water management, sanitation, mineral prospection, construction of health facilities,

sources of food supply, vaccination and education. The Czech Republic also attached great importance to the development dimension of international trade relations. The Generalized System of Trade Preferences (GSTP) of the World Trade Organization (WTO) was one of the most important instruments for strengthening collaboration and improving market access, especially for LDCs. Implementation of the Millennium Development Goals and other internationally agreed commitments remained her country's top priority. In that context, the Czech Republic viewed the New Partnership for Africa's Development (NEPAD) as a good regional initiative. Only through effective cooperation could the international community add value to the process of financing for development and mobilization of resources.

9. **Mr. Vardanyan** (Armenia) said that eradication of poverty was a precondition for sustainable development and was rightly a focus of attention not only for the least developed countries, but also for developing countries in general, and for countries in transition. It was a complex enterprise requiring the mobilization of considerable domestic and external resources, cooperation between governments and international financial institutions and the active involvement of civil society and the private sector. However, the most important factors in development were direct foreign investment and official development assistance, and he hoped the recent upward trend in both would continue on a long-term and stable basis.

10. He welcomed the project launched by the United States under the title "Millennium Challenge Account", aiming to support political and economic reforms in a number of countries. Armenia was part of that project, and had been implementing reforms with a view to creating a welfare State based on democratic values. Among the external factors crucial to development was international trade, which was seriously hampered by trade barriers and transport costs. The landlocked countries faced special difficulties, and he emphasized the importance of the Almaty Programme of Action in addressing them.

11. The system for private sale and purchase of real property was one of the important institutions, in the light of the Brussels Programme of Action, enabling economies to function properly. Among the wide-ranging reforms undertaken by Armenia since 1991, was the privatization of land and other kinds of immovables, resulting in the emergence of about 2.5 million units of real property. However, the immovable property market was poorly developed because there had been no system for registering titles or for mortgages. A land registry had been set up in 1997, based on the principles devised by the Working Party on Land Administration of the United Nations Economic Commission for Europe, which provided for the registration of legal and financial rights and rights *in rem*. The new land registration system in Armenia recognized and protected real property rights, an especially important feature in countries where institutions of private property were only gradually taking shape. It provided access to sources of finance, including mortgage loans. As an objective means of valuing real property, it formed a basis for taxation and thereby a source of local government income. It was a transparent and accessible source of information on real property, and thus a key element in the development of small and medium-size business. It also fostered the effective ownership and use of real property. As a result of the introduction of the land registry, the number of land transactions had quadrupled and the number of mortgage loans had multiplied by ten. Much of the new credit was going into the development of small and medium-sized enterprises. In the past four years, the economic reforms had resulted in an annual economic growth rate of 11 per cent, a drop in unemployment and a reduction in poverty levels by about 10 per cent, even during a transport blockade and in spite of the lack of natural resources. In May 2004, the Economic Commission for Europe had recommended the Armenian land registry as a model for other countries.

12. The goals of the Brussels Programme of Action could be achieved through cooperation and partnership. His Government was willing to play its part by sharing its experiences and offering technical assistance to interested countries.

13. **Mr. Kawatu** (Observer for Zambia) said that tremendous efforts were being made in his country to improve tax administration as well as broaden the tax base. For the mobilization of domestic resources to be successful, it needed to be accompanied by economic growth. Zambia had targeted the areas of agriculture, manufacturing, tourism and mining as pillars for such growth and for poverty reduction. Although in their external trade LDCs had enjoyed some preferential treatment in terms of market access, they still faced

significant constraints, such as limited capacity to produce sufficient and high-quality goods for export, and to meet stringent sanitary and phytosanitary measures. There was a need, therefore, for capacity-building and support to facilitate those countries' trade.

14. Private capital flows were also important, but given the weakness of the domestic private sector in most LDCs effective FDI would be needed. Although most LDCs had attracted some form of FDI, that had not had a significant impact on their economies. In Zambia, reforms were being pursued to achieve macroeconomic stability and improve financial management and accountability. The Government had set up a public/private investment forum, where the Government, the private sector, non-governmental organizations (NGOs) and donors met to discuss ways of attracting investment. Given the inadequacy of their domestic resources, however, LDCs needed not only increased ODA, but also more effective utilization of those resources. The heavily indebted poor countries should be assisted to emerge speedily from their indebtedness.

15. **Mr. Davies** (Observer for South Africa) found gratifying the genuine sympathy with and real desire to do something about the plight of LDCs. Among specific measures already taken, he commended the European Union's "Everything but Arms" initiative and the United States Africa Growth and Opportunity Act. He was pleased that the latter had been extended until 2015. Also important were debt relief initiatives, such as the Heavily Indebted Poor Countries (HIPC) Initiative, and the commitment of a fixed percentage of gross national product to LDCs. Those initiatives were making a difference and needed to be enhanced. Hopefully, the Doha round of multilateral trade negotiations would resume at WTO.

16. Those positive developments notwithstanding, the general situation of the LDCs did not seem to be improving, partly because the advice given to the LDCs in the past, such as trade liberalization, had proved unsound. The situation had turned out to be more complicated than anticipated. For example, market liberalization in Zambia had resulted in much of its formal sector being wiped out, with escalating unemployment causing serious economic and social instability. In the case of LDCs, market liberalization needed to be approached with extreme caution.

17. South Africa had played a supportive role in helping such countries as Mozambique to attract FDI and improve their growth prospects. Particularly relevant in that endeavour had been the readiness of the South African Government to offer guarantees to the private sector, when others had hesitated. Some risk-taking by those countries better-off was necessary as part of the mix of policies necessary to make a real difference. Equally relevant was regional cooperation and the African Peer Review Mechanism under NEPAD could promote good governance, best practices and investor confidence in African LDCs.

18. So far, only one LDC — Botswana — had graduated from that category. Currently, not many LDCs considered graduation a very attractive prospect because of the uncertainties about the transition period and the lack of a smooth transition strategy. The Council would need to address that issue seriously .

19. **Mr. Milintachinda** (Observer for Thailand) associated his delegation with the statement made the previous day by the representative of Qatar on behalf of the Group of 77 and China. The most important sources of financing for development were domestic ones, including taxation, financial services, microfinance and financial markets. Where external resources were concerned, the main sources were ODA, international trade, debt relief and FDI. The Brussels Programme of Action called for concerted effort by the least developed countries themselves and by all the development partners.

20. Thailand was committed to the global development agenda and to the principles of self-help and partnership. For more than three decades its Government had recognized the importance of sharing knowledge, experience and best practice as a means of bringing about closer economic and social cooperation among developing countries; for Thailand, human resources development took first place on the development agenda. Through the Thai International Cooperation Programmes, it organized bilateral cooperation programmes within and beyond the Asian region from its own budget and in collaboration with other donors and international organizations. The programmes aimed to enhance regional and subregional cooperation, including South-South cooperation, and had proved successful in many countries, including post-conflict countries and countries in transition. Thailand had also initiated a number of regional frameworks in addition to those

already in existence, such as the one in the Greater Mekong Subregion. In that subregion, the Ayeyawadi-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) sought to create joint economic activities along the border in trade and investment, agriculture and industrial cooperation, transport linkages, tourism and human resources development. It welcomed the participation of external partners in certain ACMECS programmes, such as transport improvement, energy and human resources development. A subregional economic cooperation grouping, BIMST-EC, had been formed between Thailand, Bangladesh, India, Myanmar, Sri Lanka, Nepal and Bhutan. Across Asia, the Asia Cooperation Dialogue (ACD) fostered cooperation in various projects, with Thailand leading in financial cooperation and tourism. Thailand also hoped to increase development assistance by working with other regions: it would be working with NEPAD and sharing Asia's best practices with Africa. Through the UNDP-Thailand partnership, it had organized a consultation on Africa in Bangkok in May 2004.

21. For Thailand, cooperation had four dimensions: enhancing economic linkages, providing technical cooperation, exchanging experience and best practice, and cooperating to address global challenges. With its wealth of experience as a recipient of international cooperation, Thailand had now repositioned itself in the international arena as an emerging donor. Its current Government had adopted a policy of "forward engagement" which emphasized strengthening existing relationships and forging cooperation with new partners, inside and outside the Asian region. He pledged its readiness to cooperate with both developed and developing countries to support the Brussels Programme of Action and to strive for the Millennium Development Goals.

22. **Mr. Malitikov** (Observer for the Commonwealth of Independent States) said that the Interstate Committee of the Commonwealth of Independent States (CIS) on Knowledge Promotion and Adult Education, of which he was chairman, had established a World University to prepare society for global governance, and as a contribution to the Millennium Development Goals. Everyone on the planet was affected by globalization, a process which dictated terms to governments and would determine how future generations lived. Even rich countries would risk their future prosperity if they tried to fence themselves off from it. The best way of preparing for its future effects was by embracing new forms of education which made full use of new technology to disseminate knowledge. The traditional education system had lagged behind, creating a growing digital divide and leaving almost a billion people completely illiterate. Moreover, there was currently a shortfall of 15 million teachers worldwide. Teachers needed to update their knowledge, and to learn how to apply the new technologies, which by operating outside the classroom in non-traditional ways could bring in thousands more students. It was now possible for universities to educate students by sending educational programmes via satellite teleports to any point on the planet. The use of satellite technology, which in Africa would be much cheaper than the Internet and unlike the latter would be practicable in mountain regions, would reduce the cost of education in proportion to the number of users. Ten years' experience of lifelong learning in Russia through the Modern University for the Humanities, which had its own teleport, had shown that the cost of educating 165,000 students could be as little as US$ 5 a year. The University disseminated knowledge relevant to 68 professions. It had 2,500 professors and covered over 400 cities, with educational centres in 14 countries. It was the largest university in Russia and the CIS countries, and the fourth largest educational facility in the world. Its "virtual" audience was 4,000 times larger than a traditional one. The benefits of such a system were obvious in a world where hundreds of millions lived in unrelieved poverty and over 3 billion people lived on less than US$ 2 a day. Given equal access to education, those people could become a positive balance in the world economy. On the other hand, if their numbers reached critical mass they could endanger the prospects for sustainable development. The World University provided for the exchange of knowledge among the world's leading universities, and for its export to a worldwide audience. It had been developed by the Interstate Committee of the CIS on Knowledge Promotion and Adult Education in cooperation with the Scientific Research Institute for Space Systems, the international association "Znaniye" and the UK company EduNet. He invited the participants in the high-level segment to visit the University.

23. **Mr. Mirafzal** (Observer for the Islamic Republic of Iran) associated his delegation with the statement made by the representative of the Group of 77 and China. He expressed his country's complete solidarity with the least developed countries. It had an active

diplomatic presence in most of them, and was increasing its cooperation with them, both in the field and internationally. Economic ties were not developing as fast as political ties; however, the Islamic Republic of Iran had contributed to infrastructure development and the building of hospitals and clinics in many of the least developed countries, as well as providing financial and humanitarian assistance and academic and scientific cooperation. The Government had also allocated a credit line of US$ 200 million to the least developed countries, the credit ceiling for each country to be decided on the basis of a mutual banking agreement and in proportion to its trade and commercial ties with the Islamic Republic of Iran. His country had also channelled assistance to the least developed countries through the Economic Cooperation Organization (ECO), the Islamic Development Bank and the OPEC Fund for International Development. The OPEC Fund had cooperated over the years with many multilateral, bilateral, national and non-governmental organizations worldwide to assist the poorer areas of the world.

24. He welcomed the recognition by the least developed countries of their primary responsibility for their own development, as expressed in the Brussels Programme of Action, and their serious approach to the questions of reform and governance. More resources, and urgent action, were needed to fulfil the commitments made under the Programme of Action. He called on the international community, and the developed countries in particular, as well as the United Nations system and other multilateral organizations, to live up to those commitments.

25. **Mr. Kafando** (Observer for Burkina Faso), speaking on behalf of the African Group, welcomed the report of the Secretary-General and the outcome of the two preparatory meetings for the high-level segment. Every country was primarily responsible for its own development, but could not succeed unless conditions were equitable. That was far from being the case, since the small and poor States were dependent on the rules dictated by the developed countries, in the context of globalization. Africa had 34 of the 50 least developed countries. They were unlikely to achieve the target of reducing by half the numbers in extreme poverty or suffering from hunger by the year 2015. Nor could they meet the Millennium Development Goals, or apply the decisions of the major United Nations conferences and summits, or implement the Brussels Programme of Action, unless additional resources were made available in an amount of approximately US$ 50 billion a year. Since the adoption of the Brussels Programme of Action, the least developed countries had undertaken major economic reforms which included privatization, trade liberalization and the poverty reduction strategy papers (PRSP). According to UNCTAD, trading arrangements in most of them were now as liberal as in the high-income OECD countries, yet they continued to experience declining economic growth. Many international organizations, including the United Nations, had recognized the efforts of the least developed countries to tackle the problems listed in the Programme of Action by promoting sound governance, the rule of law, democratic government and human rights, and by combating corruption. Their greatest problem in applying the Programme of Action was the inadequacy of resource flows from the international donor community, which did not match those reform efforts. That suggested a lack of political will on the part of the donors.

26. Trade could not be the "engine of development" for African countries in the absence of an equitable and participatory international trading system. Most of the least developed countries were dependent on basic commodities, and the performance of their economies was dragged down by fluctuating commodity prices. The international community must tackle that problem as a matter of urgency. Moreover, repayments on external debt continued to swallow up a large proportion of their export earnings. Since the HIPC Initiative had failed to produce the desired results, that problem must be remedied by other means, including debt cancellation. There were other problems requiring more attention: lack of market access, the need for increased ODA and for a share in the decision-making of the international financial and trading institutions, the shortage of foreign direct investment, the need to remove obstacles to the free movement of persons, and the battle against HIV/AIDS. Adopting a global approach to all those issues together would be the best way to implement the Programme of Action.

27. **Mr. Hannesson** (Observer for Iceland) said that, although significant progress had been made at the global level to reduce poverty, at the current pace most of the least developed countries would not achieve the targets of the Brussels Programme of Action or the Millennium Development Goals. Conflict was one of

the main obstacles to development. Almost half the sub-Saharan African countries had experienced violent armed conflict in the past five years, and in the past 15 years most of the world's 20 poorest countries had suffered a major civil war. Peace and development were mutually reinforcing: without development, social disparities could lead to civil unrest; without peace, developmental gains were eroded. The international community must focus on breaking the cycle and creating an environment conducive to economic and social stability. Assistance should be tailored to each recipient country's specific needs, and countries most at risk of civil war needed more and better-targeted assistance. It was important for the United Nations to work in close cooperation with other key actors such as the World Bank, the International Monetary Fund and regional development banks, as well as with non-governmental organizations. As a further contribution to attaining the targets of the Brussels Programme of Action, his Government was planning to almost treble its ODA by 2008-2009. It had been seeking to bridge the gap between military peace-building and long-term development efforts by sending civilian experts to peace-building operations in the Balkans, Sri Lanka and Iraq. It had also recently taken over control of the international airport in Kabul, Afghanistan. The present substantive session of the Council was an opportunity to address the linkages between security and development, and to make progress in the global fight against poverty.

28. **Mr. Chowdhury** (Bangladesh) said that, amid unprecedented global prosperity, the 700 million people in the least developed countries were being increasingly marginalized. The two previous programmes of action adopted by the world community for least developed countries had failed to deliver and he fervently hoped that the Brussels Programme of Action did not meet the same fate. The least developed countries were striving to fulfil their part of the commitments. Bangladesh had made considerable progress since emerging as a war ravaged independent State in 1971. Its achievements, including a breathtaking decline in the population growth rate, a record decline of 9 percentage points in income poverty during the 1990s and a 60 per cent increase in GDP, had placed the country for the first time in the medium human development country category.

29. Such successes were due to a prudent mix of socio-economic strategies, sound macroeconomic management, appropriate use of external support, pro-market policies, democratic institutions, a strong and burgeoning middle class, the emergence of a vibrant civil society and, most importantly, the efflorescence of innovative home-grown ideas like microcredit, non-formal education and social forestation, which were products of the country's indigenous intellectual and cultural resources. Development must be domestically owned, designed and driven. Accordingly, Bangladesh had an interim Poverty Reduction Strategy Paper, which incorporated the commitments made at Brussels.

30. While Bangladesh had already met some of the Millennium Development Goals and was likely to meet the rest, attainment of the targets of reduction of income poverty remained contingent on the external environment — aid, trade, debt and remittances. Bangladesh had established an independent anti-graft commission and was in the process of enacting a money-laundering prevention act, setting up a national human rights commission, and separating the judiciary from the legislature. However, it would be extremely difficult to effectively implement those mandates under paragraph 78 of the Brussels Programme of Action without additional external resources.

31. To mobilize domestic resources, the tax net had been expanded. Total revenue generation from domestic sources had increased in 2001 by more than 41 per cent over the fiscal year 1997, while tax revenue had increased by 46 per cent in the same period. Microcredit had been identified as a key instrument for domestic resource mobilization in the Brussels Programme and its success in Bangladesh was well documented.

32. While private capital tended to seek profit, aid could play the crucial role of capacity-building in the least developed countries. The absence of proper administrative, trade and development institutions constrained the initiatives of those countries in improving their lot. Therefore, it was vital to those countries that their partners fulfilled their commitment of devoting 0.15 per cent of their GNP to that vulnerable group of countries. He commended those countries that had exceeded their target of 0.20 per cent and hoped that they would maintain the much needed support to least developed countries.

33. One of the most effective means of assisting least developed countries would be to channel foreign direct investments to them. Noting that Bangladesh had a

huge potential to convert its population into a resource, he said that the remittances sent by the large community of Bangladesh expatriates bridged the trade gap, helped the country to service its debt and maintained the stability of its currency. He urged the development partners of least developed countries to explore ways and means of engaging skilled and semi-skilled labour from that group of countries on a temporary basis, which could help to ease the resource constraints of least developed countries. Lastly, cancellation of least developed country debt could release resources that could be used to build productive capacity.

34. *Mr. Aliyev (Azerbaijan), Vice-President, took the Chair.*

35. **Mr. Kittikhoun** (Observer for the Lao People's Democratic Republic) expressed concern about the fact that the world's 50 most vulnerable countries continued to be marginalized in the global development process. His country, a least developed and landlocked country, faced two additional challenges with respect to distance and border crossing. Notwithstanding those challenges, his Government had spared no effort in implementing its five-year socio-economic development plans, resulting in a 6.3 per cent annual growth rate in GDP during the period 1992-2002. The growth rate for the fiscal year 2002-2003 was around 5.9 per cent. Both the industrial and service sectors had experienced a high level of growth, yet agriculture remained the backbone of the economy, accounting for more than 50 per cent of GDP, with approximately 80 per cent of the population living in rural areas and dependent on subsistence agriculture for their survival.

36. The Government remained committed to implementing its national growth and poverty eradication strategy, with the ultimate goal of ceasing to be a least developed country by 2020. To that end, major challenges must be overcome, including integrating national development priorities, providing sufficient resources, improving government structure, reducing inequality in society, sustaining the natural environment and ensuring broader popular participation and greater application of information and communication technologies.

37. As far as the implementation of the Brussels Programme of Action was concerned, his Government had undertaken to reform its legal and regulatory framework and was finalizing a national strategy for rural credit and microfinance. The taxation system had been strengthened and an anti-corruption decree had been issued and reinforced at all levels, while consultations on money-laundering had been undertaken. Furthermore, ODA programmes had been better integrated into national development priorities, while there had been a marked increase in foreign direct investment. However, more efforts and resources were needed to implement the reform programmes and ensure an enabling environment for economic growth. In that regard, he appealed to the international community for continued and increased support for his country's efforts in meeting the objectives of the Brussels Programme of Action and other internationally agreed goals, including the goals contained in the Millennium Declaration.

38. **Mr. Neil** (Jamaica), noting that the Brussels Programme of Action had not progressed as expected, said that it was important to strengthen the supply-side capabilities of least developed countries. The Programme had not sufficiently emphasized the need for channelling resources into building a stronger production base and supply-side capability in order for those weaker economies to take advantage of opening markets; nor had it given sufficient consideration to the possibility of establishing industrialization programmes in the least developed countries. In that regard, the example of China could serve a source of inspiration.

39. The least developed countries should also be allowed to deploy the full range of policy options in a development strategy tailored to the particular circumstances of each country. PRSPs should not be dictated by any ideological or political circumstances. Indeed, least developed countries were often subject to crippling conditionalities which restricted their policy options. That practice ought to be discouraged and discontinued.

40. Lastly, the State must play an active role in the least developed countries not only in the building of physical and social structure but also as an active participant and partner with the private sector in the promotion of economic activity in all sectors. Given the desperate unemployment situation in the least developed countries, it was particularly vital for the State to play a very active role in employment generation.

41. **Mr. Penjo** (Bhutan) said that Bhutan was encouraged by the efforts of the United Nations system

to ensure that the challenges confronting least developed countries remained at the forefront of the global development agenda. Guided by the philosophy of "Gross National Happiness", which placed the individual at the centre of the country's development process, Bhutan had aligned its overall goals and strategies with the Brussels Programme of Action and had achieved notable progress. Working in close cooperation with its development partners, his Government had adopted a comprehensive strategy for poverty eradication. That strategy gave priority to rural development, with emphasis on infrastructure, land reforms, microcredit, private sector growth and the strengthening of good governance and promotion of the rule of law through the development of human resources. The highest priority was also accorded to investments in the health and education sectors, which absorbed a quarter of the annual budget.

42. Given the crucial role of the private sector in fostering economic growth and employment generation, Bhutan attached great importance to creating an enabling environment for that sector. High priority was also accorded to environmental conservation, given the country's fragile mountain ecosystem. Bhutan had progressively liberalized its trade and actively participated in the promotion of regional and subregional trade and economic cooperation.

43. As a result of a steady expansion of the revenue base through strengthening of the administrative capacity for tax collection, coupled with prudent fiscal management, the country now met its recurrent expenditures through domestic revenue. Despite such efforts, however, the paucity of domestic resources posed a major challenge to least developed countries. In Bhutan's case, there was neither a large domestic market nor a strategic trading location to attract foreign direct investment and private external inflows. Despite prudent fiscal policies, the country continued to rely heavily on ODA for its development programmes.

44. The least developed countries were making concerted efforts to meet their commitments to create an enabling environment in order to eradicate poverty. Those efforts must be urgently complemented by a clear and long-term commitment of financial and technical assistance by development partners. That would enable least developed countries to shift away from a piecemeal approach to development and adopt bold and integrated initiatives. The critical role of ODA in financing the resource gap of least developed countries also needed to be highlighted.

45. **Mr. Løvald** (Observer for Norway), noting that the international community was lagging behind in its efforts to meet the Millennium Development Goals by 2015, said that immediate action was required to mobilize resources on a broad scale, internationally as well as nationally. The primary responsibility for development lay with the least developed countries themselves, which needed sound policies and good governance at all levels, including with respect to macroeconomic policy and public administration as well as in relation to democracy and human rights. Better anti-corruption policies and investment in social and physical infrastructure were also required. The least developed countries had undertaken important reforms in those areas, but further progress was needed to mobilize the necessary resources — nationally and internationally — to fight poverty in those countries.

46. The least developed countries needed more and better aid, better debt relief, improved market access, further integration into the international trading system, more foreign direct investment and measures to stimulate private sector development. Norway's development assistance in 2004 was 0.94 per cent of its GNI. His Government was committed to reaching the target of 1 per cent in the period 2005-2009 and intended to remain at that level at least.

47. Norway's main partner countries were least developed countries and it had long exceeded the agreed target of 0.2 per cent of GNP as ODA to least developed countries. In the previous year, least developed countries had received 42 per cent of all Norwegian bilateral ODA. Yet increasing the volume of ODA was not enough to address the problems of those countries. Aid must be more effective and better coordinated. While poverty reduction strategies were important tools in that regard, they needed further refinement to ensure country ownership, broader participation and broader coverage.

48. Debt sustainability in low-income countries continued to be an essential condition for economic stability and development. It was imperative to fully complete the HIPC Initiative and ensure that more countries were granted broader and deeper debt relief. The Initiative must be extended beyond the "sunset clause" and its long-term financing must be ensured, including financing for "topping up" debt relief for

countries experiencing external shocks and those emerging from war and conflict. Norway, for its part, would continue to cancel 100 per cent of the debt of the poorest countries and would continue to finance bilateral debt relief outside its development budget.

49. Trade was an important vehicle for promoting economic growth and development. Developing countries, particularly least developed countries, needed improved market access in order to avoid the debt trap and achieve long-term sustainable growth. Since July 2002, Norway had been granting duty-and quota-free access to its market for all imports from the least developed countries and encouraged all other developed countries to follow suit. Advanced developing countries should also contribute to improved market access for the least developed countries. However, in order for poorer developing countries to benefit from market openings, there would be a need to develop their production and trade capacity and expand employment opportunities. Supply capacity constraints, in particular those related to productivity and quality, logistics and infrastructure, must also be addressed. What was needed was aid for trade.

50. A more vigorous private sector was also needed. Developing countries should develop stable and predictable frameworks for private sector development and investment, with their development partners providing ODA for building infrastructure and institutions conducive to private sector development. Those partners could also stimulate foreign investment by offering venture funds and investment guarantees in poorer developing countries. Norway had established NORFUND, a special fund for investment in developing countries, which provided risk sharing, investment and expertise for the development of private enterprises in developing countries. Priority was given in that regard to investments in least developed countries. In 2003, 41 per cent of the Fund's investments had gone to least developed countries.

51. **Mr. Sharma** (Observer for Nepal) said that the Brussels Programme of Action had galvanized least developed countries and their development partners: LDCs had pursued fundamental reforms to improve governance and accelerate development, and donors had increased ODA and opened their markets to LDC exports. However, many LDCs remained economically vulnerable, a reminder of the need for urgent and resolute measures.

52. Poverty reduction was a major priority for Nepal, where almost 40 per cent of the population lived below the poverty line. Attention would therefore be focused on accelerated growth and human resource development, in an effort to optimize Nepal's comparative advantage and to harness its resources. His Government worked closely with the private sector and civil society in a spirit of partnership and had empowered local governments to plan, implement and monitor development activities.

53. However, the pace of development had been seriously undermined by Maoist insurgency and the global economic downturn. In addition to fighting corruption and improving the delivery of basic services, the Government had accorded top priority to finding a political settlement to the Maoist problem and to holding general elections by April 2005.

54. The challenges of development and governance could not be tackled without external support. New and additional resources in the form of aid, debt relief, foreign direct investment, improved market access and increased trade were critically important to boosting production and productivity. In that regard, he underscored the value of South-South cooperation, as a potent instrument for collective capacity-building and progress.

55. **Mr. Kazykhanov** (Observer for Kazakhstan) supported the recommendations contained in the Secretary-General's report on resource mobilization for the development of LDCs (E/2004/54) and said that poverty was a problem faced by virtually all developing countries and economies in transition. Kazakhstan had taken forceful measures to eradicate poverty, in close cooperation with the private sector and civil society. In particular, the country had increased the level of microcredit in the rural areas, reduced unemployment, raised the minimum wage and pensions, and gross domestic savings.

56. Kazakhstan's progress in the eradication of poverty had resulted mostly from mobilization of domestic resources but an issue of paramount importance to all LDCs was the mobilization of international resources. He supported the appeal to donor countries to honour their commitments with regard to ODA flows, provide free market access to LDC exports, accelerate the implementation of the HIPC Initiative, and facilitate the efforts by LDC governments to expand education programmes related

to AIDS, malaria and tuberculosis. His country also supported an increased strategic partnership in the follow-up to the outcomes of major international conferences. For its part, Kazakhstan was ready to contribute, within its means, to international efforts to find a solution to those problems and had recently allocated about $100,000 to the trust fund for the implementation of the outcome of the 2003 United Nations Conference on Landlocked and Transit Developing Countries.

57. **Mr. Laurin** (Canada) said that his Government was particularly pleased that the scope and approach of the report of the Secretary-General reflected key understandings and agreements, on the nature of the challenges to sustainable development, that had been reached at the major international conferences.

58. A market economy, supported by just and effective institutions, was the most fertile environment for achieving broadly based growth and poverty reduction. An enabling environment for private sector assistance to the poor should be integrated into development assistance efforts. Furthermore, effective development assistance, coupled with transparency and accountability, inspired donor confidence, which in turn encouraged development assistance.

59. Canada's approach to international assistance included increased outlays, bilateral debt cancellation and freer access to Canadian markets. The positive impact of aid was as diminished by inadequate systems of domestic governance in many developing countries, as it was by poor coordination, incoherence and inefficient policy formulation and practices adopted by donors. Canada was committed to addressing its shortcomings in that regard: existing practices were to be reviewed to make them more flexible and responsive to the needs of developing countries. Jointly with its partners, the Government was engaged in building capacity for the management of development assistance.

60. **Mr. Rivas** (Colombia) said that the commitments made by the international community with respect to least developed countries were both insufficient and overdue. There was broad consensus on the primary responsibility of States in development and poverty eradication, and full agreement on the urgent need for international action in achieving those goals. The Declaration on the Right to Development highlighted both the national and international dimensions of the right to development. Globalization could not be compartmentalized. An unfavourable international environment would not only worsen poverty, but also impoverish the countries generally regarded as being of middle income, many of which were already being alienated from the benefits of globalization.

61. In order to achieve more effective financing for development, greater resource mobilization, along with strengthened regional financing organizations, increased official development assistance and foreign direct investment, and a redesign of the overall financing structure were essential. International support held tremendous potential for the prevention and resolution of internal armed conflicts. Apart from the violation of the fundamental rights of people directly affected, situations of conflict posed other serious threats to development. A multilateral fund administered by the United Nations would help to stabilize resource allocation for the return of displaced persons, assimilate former combatants into society and pave the way for sustainable peace and development.

62. **Mr. Gopinathan** (India) joined previous speakers in appealing for support to LDCs in achieving higher growth rates, improving the delivery of services and reducing poverty, through more effective aid, debt relief and market access. Debt relief often fell short of the level needed to achieve long-term debt sustainability and meaningful poverty reduction. The lifting of debt servicing obligations would free resources for social spending and, for its part, India had written off the debt of seven highly indebted countries.

63. With regard to the Brussels Programme of Action, resource mobilization efforts required a supportive international environment that was stable and predictable. The role of trade in the growth and development of LDCs was also recognized in the Programme of Action, and India welcomed the steps taken by some development partners to open their markets. There was also a need to help LDCs build capacity in manufacturing and other sectors to enable them to diversify production in order to lessen dependence on commodity exports. In closing, he highlighted the potential of South-South cooperation and welcomed the launch of the third round of negotiations for the Global System of Trade Preferences at the UNCTAD-XI meeting in June 2004.

64. **Mr. Demargne** (Observer for the International Association of Economic and Social Councils and similar institutions) said that his Association welcomed the current policy dialogue with the Council, which gave high priority to the urgent issues affecting LDCs. In that context, he introduced the chairman of the Union of Economic and Social Councils of Africa, a member of the International Association.

65. **Mr. Toukourou** (Observer for the International Association of Economic and Social Councils and similar institutions), speaking on behalf of the Union of Economic and Social Councils of Africa, said that poverty eradication could best be achieved through North-South coordination. Although the governments and people of the least developed countries must lead the fight against poverty, international cooperation should support national policies. Close cooperation with local administrations and civil society was indispensable to the formulation of policies to combat poverty.

66. In conclusion, he reiterated the interest of the Union in pursuing partnerships with economic and social actors, under the auspices of the Economic and Social Council, in order to better coordinate the policies and programmes of poverty eradication. He also encouraged the establishment of additional economic and social councils to expand the network of partnerships, and urged Governments and international organizations to pursue further partnerships with the members of civil society, on behalf of the world's poor.

*The meeting rose at 1.15 p.m.*

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**Substantive session of 2004**
**High-level segment**

## Summary record of the 21st meeting

**Held at Headquarters, New York, on Wednesday, 30 June 2004, at 3 p.m.**

*President*: Ms. Risa ........................................ (Finland)
*later*: Mr. Penjo (Vice-President) ........................ (Bhutan)
*later*: Ms. Risa (President) ................................ (Finland)

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**Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 (*continued*)**

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04-40867 (E)

*The meeting was called to order at 3.15 p.m.*

**Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010** (*continued*) (A/58/722-E/2004/13, E/2004/33, 54, 75 (chap. I) and 84, E/2004/CRP.1 and Add.1 and E/2004/NGO/1-22)

1. **Mr. Ivanou** (Observer for Belarus) welcomed the theme chosen for the high-level segment, since successful implementation of the Brussels Programme of Action could serve to accomplish the Millennium Goals, particularly those aimed at combating poverty and the spread of HIV/AIDS. He congratulated the Bureau and President of the Economic and Social Council for having organized informal preparatory meetings, at which ministers from the least developed countries had met with those responsible for development matters in various United Nations entities not only to determine the most pressing problems facing the modern world but also to exchange views on the most promising ways of achieving progress

2. Of the 50 least developed countries, only seven had achieved the growth rate of 7 per cent a year necessary to halve poverty by the year 2015, and without a stronger representation in international trade those countries could never achieve faster growth. That would require investment and modern technology, and so the issue of financing was important. While there was consensus that mobilizing internal resources was the most important way to finance development, the least developed countries clearly needed technical assistance on how best and most rationally to do so. The Bretton Woods institutions, UNDP country offices and United Nations regional economic commissions were best suited to supply such assistance. Least developed countries' own initiatives should also be supported, such as Bangladesh's proposals to develop microcredit systems in the developing world.

3. Between 2000 and 2002, the proportion of long-term foreign capital invested in least developed countries had increased from 4.7 to 7.4 per cent, reaching in absolute terms a figure of US$ 17 billion. However, vast needs and challenges still faced the least developed countries. As the report of the Secretary-General pointed out, for many of them official development assistance (ODA) remained such an important source of finance that the international donor community and United Nations system must continue to envisage increasing the volume of ODA. It was also important to establish partnerships between least developed countries and donor States, along with the relevant international organizations, in order to further the progress of the former in the management of their external debt.

4. The latest initiatives by the European Union and the United States to make larger markets more accessible to goods from the least developed countries were to be welcomed, and to that end Belarus had decided to offer preferential tariffs to several States. Its National Centre for Technology Transfer was ready to cooperate with all interested countries. Belarus was also considering UNIDO's draft programme for technology transfer between the CIS and Central and Latin America, under which Belarus could offer expertise in high-technology disciplines.

5. In the light of repeated statements from developing and least developed countries that a 1 per cent slower growth rate in Europe or the United States led to a drop of 2 to 3 per cent in the developing countries, it was clear that one of the most effective mechanisms in the Brussels Programme of Action was for all States, regardless of their level of development, to adopt rational macroeconomic policies which would stimulate the economy, attract investment and create employment. The United Nations system should lead the world in a collective awareness of responsibilities and interdependence in that sphere.

6. **Mr. Rahman** (Malaysia) said that the mobilization of resources remained one of the pressing issues. In addition to the normal sources of financing, countries must turn to innovative solutions such as microfinancing.

7. Partners in the developed countries must fulfil their obligations to meet the pledged ODA target without tying it to any conditions. Implementation of the Heavily Indebted Poor Countries (HIPC) Initiative had to be accelerated, for almost two thirds of the least developed countries had unsustainable levels of external indebtedness.

8. At a time when economic growth depended largely on trade, the combined figure of 50 least developed countries with a population of over 600 million people represented a pathetic 1 per cent of total global trade. The developed partners must therefore

provide market access to the least developed countries' exports by removing all trade barriers and eliminating subsidies that marginalized their agricultural products. At the same time, the streamlined, non-discriminatory accession of the least developed countries to the World Trade Organization (WTO), taking into account their different stages of development, would help eradicate poverty and promote sustainable development.

9. The least developed countries themselves were responsible for creating an environment conducive to economic growth so as to attract foreign direct investment and promote domestic investment, by removing bureaucratic obstacles, doing away with inefficient practices and adopting consistent, non-discriminatory legislation that ensured property rights. They must mobilize domestic resources through savings, taxation and sourcing of financial markets. Of course, the least developed countries were constrained by the conditionalities imposed by international bodies, which were inconsistent with internationally agreed targets, as well as by internal institutional limitations. The success of the Brussels Programme of Action depended on the fulfilment of international commitments coupled with concerted efforts on the part of the least developed countries themselves.

10. **Ms. Cronenberg-Mossberg** (Sweden) said that her Government would soon be distributing its first report on the Millennium Development Goals for 2004, in order to highlight its commitment to the issues involved and to stimulate national and international debate on them. The report presented Sweden's new global development policy, and gave examples of Swedish contributions to achieving the Goals, especially that of environmentally sustainable development and of actions to be undertaken by the high-income countries. The areas specifically covered were ODA, more effective development cooperation, an open trading and financial system, a sustainable debt burden, productive work for young people in developing countries, access to health care and information and communications technologies, access by migrants to transfers of money and knowledge, foreign direct investment, development cooperation and training carried out by Swedish civil and non-governmental organizations, and global public goods. The report highlighted the particular importance for the least developed countries of fair trade, debt relief, aid efficiency and job creation.

11. **Mr. Zenna** (Observer for Ethiopia) noted that the challenges faced by the least developed countries, especially in sub-Saharan Africa, as they sought to realize the objectives of the Brussels Programme of Action and the Millennium Development Goals had been daunting, and required mobilization of resources. As one such country, Ethiopia had designed a four-pronged development strategy: a policy based on the development of rural areas, where 85 per cent of its population and the majority of its poor lived and worked; a reform of the justice system and the civil service to ensure property rights and proper functioning of public services; empowerment of the people by shifting decision-making to the grass roots and improving accountability and service delivery; and capacity-building through investment in education and other public and private sectors. To improve the mobilization of resources, Ethiopia was reforming the management of public expenditure and tracking poverty-related expenditures, and instituting tax reform. The Government had set up a legal and policy framework to expand microfinancing institutions and cooperative rural savings and credit societies, and the Development Bank of Ethiopia had developed a financial assistance programme geared to millions of rural households. As a result, the marked improvement in the country's business environment had been internationally recognized. Ethiopia, in partnership with other Governments and domestic private partners, had also launched a much-needed food security programme.

12. Despite increased aid flows and more coordinated delivery of aid to the least developed countries, the volume of ODA still fell short of the agreed targets that should provide the necessary underpinning for national development and poverty reduction strategies.

13. There had been welcome initiatives by the European Union, the United States and other international partners to increase the access of the least developed countries to global markets, but they had to be complemented by an enhancement of their capacity to supply the markets. Their dependency on the production of commodities must be reduced, because such products were notoriously vulnerable to fluctuating prices and unfavourable terms of trade, and the countries were forced to defer their development and poverty reduction efforts.

14. Just as the least developed countries had to create a conducive environment for trade, their development

partners had to encourage businesses to invest in them. Transfer of knowledge and technology was therefore crucial. Commitments on both sides would ensure the success of the agreed development goals.

15. **Ms. Ndiaye** (Observer, International Organization for Migration (IOM)) said that migration issues, involving the movement of people and access to job markets, had to be dealt with in international partnership but always taking into account the interests of the countries concerned. The focus should be on the potential contribution of migrants to the economic and social advancement of both their countries of residence and their countries of origin.

16. It should be noted that, rather than taking action to forestall the impact of a brain drain on the lasting development of developing countries, the member countries of the Organization for Economic Cooperation and Development (OECD) had in recent years been increasing their recruitment of qualified professionals from the least developed countries.

17. IOM was working to enhance the personal and professional mobility of migrants. They could, in particular, undertake temporary expert missions for the benefit of their country of origin in sectors lacking quality supervision, help their Governments to achieve a better geographical distribution of skills within the country, and take part in transfer of skills programmes using the new information and communication technologies. That would help to balance human capital flows towards the Western economies, and would considerably improve the image of migrants and their social integration into their countries of residence while contributing to the sustainable development of their countries of origin.

18. IOM encouraged bilateral development agreements between countries in conjunction with concerted measures to assist communities of origin and measures protecting the rights of migrant workers and their families. Its hope was that the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, which had entered into force in 2003, would receive broad acceptance.

19. The funds sent back by migrants to their countries of origin were another positive aspect, often representing a sizeable proportion of the countries' foreign currency resources, and had been estimated at $90 billion in 2003. A coordinated effort must be made to reduce transfer costs and establish safe and simple procedures for migrants who wished to invest some of their savings in remittances that created jobs and generated income in their home countries. A combination of ODA, foreign direct investment and private money remittances from migrants was needed to enable the least developed countries to advance along the path of development in a context of good governance.

20. **Mr. Ramadan** (Libyan Arab Jamahiriya) said that the choice of the theme of the current high-level segment was indicative of the international community's commitment to combating poverty and eradicating hunger. It meant that the international community and all partners must abide by their commitments and required the mobilization of financial, human and institutional resources and the creation of partnerships at all levels, including between the private and public sectors.

21. International trade had an important role to play in mobilizing the resources of the least developed countries (LDCs) as a more stable source of foreign exchange. However, the low level and instability of world prices of basic commodities, on which those countries relied, especially in Africa, tended to undermine the ability of international trade to operate as a driver of development and poverty elimination. In addition, the relative inability of those countries to increase supply, coupled with growing transport costs, trade barriers and increased support for competitive commodities, had tended to weaken their exports and consequently limited their ability to generate the necessary income for growth and development.

22. He hoped the Council's discussions would yield results and recommendations conducive to the creation of new and additional resources and increased ODA for LDCs to support their national anti-poverty and comprehensive-development programmes. In that connection, he emphasized that the ministerial declaration to be adopted by the high-level segment of the current session should include: reaffirmation of commitments and pledges for the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010; determination to create an enabling environment at the local and international levels and find new ways to generate resources to facilitate implementation of the Programme of Action by 2010; encouragement of advanced countries to reverse the downward trend in

ODA, to permit the attainment of the desired goals; emphasis on the provision of the necessary funding and accelerated implementation of the HIPC Initiative; the welcoming of market-access initiatives in favour of LDCs and an appeal to all their trading partners to remove customs barriers and quotas that stood in the way of the exports of those countries; a commitment to strengthening partnerships between countries, multilateral institutions and civil society and related regional and subregional cooperation; emphasis on the importance of constant follow-up to guarantee the implementation of decisions taken in this area.

23. **Mr. Belinga-Eboutou** (Observer for Cameroon) said that for many countries the challenge of development was synonymous with that of nation-building, requiring institutional and administrative solutions essential to the creation of a viable and dynamic economy integrated into the global system. Shifts in the international environment thus often created constraints on a country's process of domestic political maturation. Nevertheless, the developing countries had decided to play the game of globalization in the hope that it would enhance their performance and be a catalyst for strong and lasting economic growth.

24. The financing of their development remained the major challenge, and the international community must act effectively to find more appropriate funding mechanisms. The Millennium Declaration, the Brussels Programme of Action, the G-8 initiatives, and the mechanisms established by the third Tokyo International Conference on African Development and by the European Development Fund had been milestones in the expression of international solidarity in the mobilization of the resources needed for development. Recent British and Brazilian initiatives had also been welcome, and the Council must help them to take shape without diverting funds from established financial commitments.

25. Managing the debt of developing countries must continue to be a matter of international concern, for their fragile economies were being strangled by debt servicing. In addition, the heavily indebted countries needed substantial development aid and foreign direct investment. ODA could not be restricted to poverty reduction, but should be directed increasingly towards private investment, the true catalyst for growth.

26. The efforts of the developing countries to increase savings, prevent capital outflows and create a climate conducive to investment would be in vain if they were denied access for their exports to the international markets. The rules of international trade must be made more equitable.

27. The reduction of poverty was one of the major challenges in Cameroon, if it was to conserve social cohesion and the bases of its economic growth. It had thus developed a national poverty reduction strategy in conjunction with its business community and civil society and its development partners. The Government estimated that its implementation would require as much as $200 billion in assistance over the next three years. That would be a test of the international community's solidarity, in which Cameroon placed great hopes.

28. **Mr. Sardenberg** (Observer for Brazil) said that stronger efforts were required so that the least developed countries could achieve sustained growth, participate in the global economy on a more equitable footing and provide decent jobs for their workers; special attention should be paid to least developed countries emerging from conflicts. Brazil was in favour of giving the Council a stronger role, in closer cooperation with the Security Council, in addressing the transition from post-conflict peace-building to development. That approach had proved very useful in the cases of Guinea-Bissau and Burundi and it might also be useful in that of Haiti; his Government was committed to a long-term contribution to the United Nations Stabilization Mission in Haiti.

29. The developing world had been quite successful in implementing sound domestic policies and structural reforms, but those measures did not produce immediate results in terms of growth and income and must be complemented by an enabling international economic environment. The international community had been successful in supporting and monitoring national macroeconomic and development efforts but had failed to ensure adequate resources or to promote opportunities for developing countries in global markets.

30. The Spirit of São Paulo declaration recognized the need for additional international resources and for new instruments and measures in the areas of trade and financing to support national policies and stressed that developing countries must have the necessary policy

space within their national development strategies in order to adopt policies that fostered innovation and the consolidation of dynamic sectors in a new geography of world trade and cooperation generated by new centres of growth in the South.

31. International efforts must also be refocused on long-term issues that hindered the least developed countries' progress towards sustained development: debt, volatile commodity prices and the need for increased, more stable access to global markets, especially for agricultural and labour-intensive products such as textiles. It was clear from the Cancún experience that the unity of those countries had changed the dynamics of multilateral negotiations; their diversity of interests must be respected, but it should not prevent them from pursuing their common objective of correcting distortions and fully integrating agriculture into the multilateral trading system, including by dismantling subsidies.

32. Progress in implementation of the Brussels Programme of Action required a concerted strategy by all partners; the developing world should forge consensus in the multilateral organizations and contribute to bilateral and multilateral arrangements. The launching of a third round of negotiations under the Global System of Trade Preferences among Developing Countries offered an opportunity to advance South-South trade and confer preferential treatment on the least developed countries.

33. Brazil was committed to further enhancing its cooperation and trade links with the least developed countries through bilateral arrangements, the Southern Common Market (MERCOSUR) and initiatives such as the India-Brazil-South Africa (IBSA) Fund. It had also launched a Brazil-Africa initiative aimed at strengthening existing technical cooperation and identifying new opportunities in that area. His Government was therefore keenly interested in the mobilization of additional financial resources and appreciated the efforts of countries which had met or surpassed the established ODA targets; other States should follow that example. The meeting of world leaders to be held, at President Lula's invitation, on 20 September 2004 should contribute to the discussion of concrete proposals regarding new sources of financing for the poorest countries.

34. **Mr. Koonjul** (Mauritius) said that his delegation welcomed the increased ODA flows to least developed countries, initiatives aimed at enhancing market access to their exports, the European Union's "Everything but Arms" initiative and the extension to 2015 of the United States of America's Africa Growth and Opportunity Act. However, those improvements fell far short of the resources necessary for the least developed countries to emerge from the "poverty trap"; only seven of those countries had reached the critical 7 per cent growth rate and current trends suggested that most of them were unlikely to do so.

35. The primary responsibility for development rested with the least developed countries themselves, but their efforts must be supported by the international community in a spirit of shared partnership and interdependence. The governments of least developed countries could play a vital role in creating the necessary environment for the private sector to flourish; opportunities should be provided for the development of microbusinesses and small and medium-sized enterprises, which could reduce poverty and promote economic growth at the grass-roots level, through microcredit, cooperative unions, an emphasis on rural development and creation of an appropriate institutional and legal framework.

36. Development partners should also help the least developed countries create an enabling environment to attract foreign direct investment (FDI). His own country's experience in Mozambique and Madagascar had shown that, with sound economic management, peace and stability, the stage could be set for enhanced regional cooperation, investment and trade. He applauded the Norwegian Government's decision to grant duty- and quota-free access to its markets for all imports from the least developed countries and encouraged other developed countries to follow that example.

37. Debt sustainability was a critical condition for growth and development in the least developed countries; it was imperative for the HIPC Initiative to be fully implemented and development partners should consider a more robust debt sustainability framework.

38. He commended the New Partnership for Africa's Development (NEPAD) African Peer Review Mechanism, which already included 19 African countries, and stressed the importance of ensuring a smooth transition for small island developing States (SIDS) that were being considered for graduation from the list of least developed countries; abrupt withdrawal

of support from the international community could reverse years of progress in those countries.

39. *Mr. Penjo (Bhutan), Vice-President, took the Chair.*

40. **Mr. Owuor** (Kenya) said that, given the nature of their economies, the least developed countries could not be expected to mobilize the domestic resources necessary to finance their development and would continue to depend on ODA, foreign investment, trade and external debt. Despite some improvement, the quality and quantity of ODA had not reached the level stipulated in the Brussels Programme of Action and in the outcome documents of other major United Nations conferences and summits. He urged donors to fulfil their commitments and stressed that all ODA to least developed countries should take the form of grants; higher ODA levels would help governments build the infrastructure necessary to attract FDI, currently concentrated in only a few countries.

41. Most developing countries had been unable to reap the benefits of international trade as a result of restricted access to the markets of developed countries and supply-side constraints. It was urgent to remove all trade-distorting subsidies by the developed countries, which should extend trade preferences to the developing, and especially the least developed, countries. Most low-income countries were dependent on one or a few commodities, the prices of which continued to decline. The international community should resolve the issue of commodity prices and price instability and assist the least developed countries in their efforts to diversify and add value to their products.

42. Measures adopted to deal with the external debt problem of developing countries had been ineffective; emphasis should be put on debt cancellation in order to ensure that the issue of the debt burden was fully resolved.

43. **Mr. Niang** (Senegal) said that, like many of the least developed countries, Senegal had achieved significant economic growth (6.5 per cent in 2003), stabilized prices and reduced its financial deficit to a sustainable level; as a result, the percentage of its people living in poverty had fallen from 67.9 per cent in 1994-1995 to 57.1 per cent in 2001-2002. His Government had also instituted a series of governance and financial management reforms designed to create a favourable environment for the private sector.

44. However, resource mobilization was essential; the least developed countries and their development partners must assume their common but differentiated responsibilities with respect to ODA, external debt, trade and the other areas covered by the Brussels Programme of Action. Innovative ODA measures were called for; he welcomed the launching of the Millennium Challenge Account and the International Finance Facility.

45. The least developed countries must also combat corruption, streamline administrative procedures and avoid waste in order better to absorb the ODA that they received; their partners, for their part, should continue to harmonize policies, unblock funds and increase the predictability of ODA, which should take the form of grants. Despite the benefits of the HIPC Initiative and the positive attitude of donors, who had recently cancelled a portion of Senegal's debt, it was clear that the current debt burden of the least developed countries was incompatible with the goal of halving the number of people living in poverty by 2015.

46. The exclusion of least developed countries could not be addressed without radical changes that would end the injustice and inequity of the global trading system; those countries and their development partners should address that issue in an "agricultural Davos conference".

47. **Mr. Makayat-Safouesse** (Republic of the Congo) said that the hopes raised at international conferences on the least developed countries had been dashed; the international community should fulfil its commitments under the Brussels Programme of Action and should provide assistance to those countries as they addressed the problems of market access, debt, inadequate capacities, insufficient financial resources and disease. His Government had taken a number of measures aimed at mobilizing domestic resources, including the development of a national plan to combat fraud and corruption, promotion of proper resource allocation, strengthening of its statistical machinery and the involvement of a wider range of partners.

48. **Mr. Gleckman** (United Nations Conference on Trade and Development (UNCTAD)) drew attention to the UNCTAD report entitled *Linking International Trade with Poverty Reduction* and said that the extreme poverty in most LDCs was not just the result of economic stagnation, but also the cause. For instance, when average per capita consumption was subtracted

from average per capita income for the period from 1995 to 1999, there remained only US$ 0.15 per person per day to spend on private capital formation, public infrastructure and the running of vital public services. The possibility for the mobilization of domestic resources was thus severely restricted, and UNCTAD therefore continued to stress the importance of external financing to complement the meagre domestic resources base.

49. The sharp decline in aid flows that had begun early in the 1990s had to some extent been reversed in 2000, but ODA to LDCs had been unpredictable and unstable. Foreign direct investment was concentrated in only a few countries and sectors. Ten LDCs had accounted for over 86 per cent of all foreign direct investment to such countries between 1998 and 2000, while the group as a whole had received only 1 per cent of all such investment. Concrete action beyond the conventional promotion activities, including exploring the use of ODA resources to fund innovative activities, was needed to attract foreign direct investment to LDCs.

50. Resources from debt relief should also be directed to the development of productive sectors and of trade, which would increase the coherence of the debt strategy. The debt stock of LDCs, which had declined between 1998 and 2001, had resurged in 2002 even though several countries had recently benefited from debt relief measures.

51. In the 1990s, the value of retail coffee sales — largely in industrialized countries — was approximately three times the amount earned by coffee-producing countries; currently, when producers' prices stood at the lowest level in 100 years, retail sales had exceeded US$ 70 billion while coffee-producing countries received only $5.5 billion. Commodity-producing LDCs were therefore not benefiting adequately from the value-addition chain.

52. UNCTAD continued to put LDCs at the centre of its programme of work, undertaking analytical studies of their economies and engaging in technical cooperation activities aimed at building their productive capacity in many areas.

53. Although national efforts should remain at the heart of the development of LDCs, such efforts alone would not succeed without an improvement in the international economic environment. There was an urgent need to support national objectives by channelling development aid into national budget processes and aligning project aid with national development objectives and priorities. The move by the Organization for Economic Cooperation and Development to untie aid to LDCs was welcome.

54. With regard to international trade, concrete actions were required to address market access and supply side constraints. Moreover, practices that undermined development efforts, such as agricultural subsidies, must be addressed. The potential of South-South trade should be fully realized: currently most exports from developing countries were destined for markets in industrialized countries, and LDCs could do more to diversify their markets and trading opportunities.

55. **Mr. Singh** (International Union for the Conservation of Nature and Natural Resources) pointed out that environmental protection had received little attention during the Council's current session.

56. In general, pro-poor conservation strategies had failed to emerge because of a misrepresentation of the poverty-environment link. A common myth held that environmental degradation was inevitable when people moved from poverty to prosperity. Yet it was important to conserve biological assets, which were essential to maintaining sustainable livelihoods.

57. In eastern Africa, for example, community-based natural resource management and ecosystem restoration had led to increased crop yields and enhanced food security. Income from such activities was re-invested in village health care and education. Thus, while pro-poor conservation and sustainable use strategies might not be enough to lift people out of poverty, they could contribute significantly to poverty eradication programmes.

58. Concerns that handing over environmental assets to poor people would inevitably lead to further environmental degradation had not been borne out in practice. More often, when poor people were given decision-making authority over natural resources, even badly degraded ones, they turned them into productive assets. They might make mistakes, but they were far better placed to take note of them and to correct their management practices.

59. If poor people were to achieve secure rights to and responsibility for natural resources, Governments had to take several key steps such as: policy reform to

enable responsible community stewardship of natural resources; well-designed incentives and better information to promote better risk management; rewards for ecosystem stewardship; and strengthening of the capacity of environmental agencies and use of "publicly owned" natural resources.

60. **Ms. Sarlis** (Intergovernmental Institution for the Use of Micro-Alga Spirulina against Malnutrition) said that one of the consequences of severe malnutrition was the inability to digest ordinary food. What was needed to rehabilitate victims of malnutrition was a food rich in proteins and vitamins, easily mixed with cereals and easily digested, which could be easily stored for long periods. Among the various possibilities, micro-alga spirulina offered an excellent solution. Her organization had been established as a result of several intergovernmental conventions, with the goal of promoting the use of spirulina in humanitarian relief. The conventions emphasized the great value of edible micro-alga spirulina and the need to set up centres to produce it; 10 centres were envisaged, in Africa, Asia and Latin America.

61. As an emergency food, spirulina was extremely effective. It consumed 50 times less water per kilogram than was needed to produce meat. It rehabilitated victims of malnutrition three times faster than any other treatment. It was safe, and cheap to produce. Lastly, it had many positive health benefits, including a high concentration of iron, fungicidal properties and the capacity to absorb radionuclides from the body.

62. **Ms. Shapiro** (Conference of Non-Governmental Organizations (CONGO)) said that, if poverty were to be eradicated, partnerships must be established with the poor themselves. During a grass-roots consultation conducted to determine what poverty meant for poor people themselves, poverty had been defined in terms of powerlessness, lack of education, social exclusions, gender inequality, poor infrastructure and lack of land rights.

63. Non-governmental organizations should champion a rights-based approach to development, as the best means of poverty eradication. They should seek to oblige States to act in accordance with the human rights instruments they had ratified, but first they must give an authoritative definition of what the rights entailed. Thus, by checking actions against obligations, accountability would be ensured. Non-governmental organizations were excellently placed to demand accountability from governments and to lobby for a rights-based approach to development.

64. The establishment of national councils on sustainable development could enable non-governmental organizations to advise Governments, linking grass-roots action to policy formulation and debate. In addition, non-governmental organizations should hold Governments and international institutions to the commitments made at United Nations conferences.

65. With regard to the mobilization of resources, the State could not disengage itself from the provision of basic social services, such as health and sanitation. Trade liberalization and privatization of essential services such as water and electricity were among the main obstacles to development. Decentralization was a promising way of establishing new partnerships between local authorities and civil society organizations to increase democratic participation and fight poverty. The State had to transfer adequate resources to local authorities so that they could assume their responsibilities. Local authorities should be able to raise their own taxes. Given adequate resources, non-governmental organizations and local authorities could form useful partnerships for poverty eradication.

66. Creation of an enabling environment and mobilizing resources to fight poverty in the poorest countries was everyone's responsibility. Non-governmental organizations wanted, and had the capacity, to become essential partners in an era of "decentralized cooperation", working with the State and lobbying at the local, national and international levels, to achieve more effective and equitable allocation of resources to the poorest of the poor.

67. **Ms. Wells** (World Federation of United Nations Associations (WFUNA)) said that there must be much more effective coordination of the development effort, if the Millennium Development Goals — and particularly the eradication of extreme poverty and hunger — were to be achieved in the least developed countries by 2015. Her Association had been holding monthly round-table discussions on the Millennium Development Goals at the United Nations. A common theme of the discussions had been the urgent need for additional funding to be made available to the least developed countries, including their civil society sectors. One of the best ways to channel funds to civil society was through the General Voluntary Trust Fund

in support of the United Nations Informal Regional Network, and WFUNA therefore recommended that the Fund be specifically mentioned in the Council's Ministerial Declaration. The other strong message that had emerged from the various discussions was that the development effort should be home grown. There was a United Nation Association in half of the world's 50 least developed countries, and WFUNA was committed to building effective United Nations Associations in every Member State, as they played an essential role in creating an enabling environment for the eradication of poverty, and increased public knowledge about the United Nations and the Millennium Development Goals.

68. In collaboration with the North-South Institute, WFUNA conducted an annual online survey of civil society organizations, in order to assess their knowledge of and level of commitment to the Millennium Development Goals. An initial finding of the survey was that major changes would be necessary in order to alleviate poverty and hunger in the least developed countries. Debt relief was essential, as was the commitment of the countries of the Organization for Economic Cooperation and Development (OECD) to the promised Overseas Development Assistance (ODA) level of 0.7 per cent of GDP, as well as tariff-free and quota-free access for their exports. The Council had undergone changes by engaging with emerging issues and experimenting with new approaches to improve its methods of work. WFUNA urged the Council to continue that process, taking fully into account the recommendations of the Panel of Eminent Persons on United Nations Civil Society Relations and the International Labour Organization report *A Fair Globalization*.

69. **Mr. Barwett** (Rotary International) said that his organization's primary philanthropic goal was to eradicate polio worldwide by 2005. Since launching its polio eradication programme in 1985, it had helped treat more than two billion children in 122 countries. Rotary International also worked very closely with the United Nations in a wide variety of fields, and would continue to work alongside the United Nations in social and humanitarian efforts.

70. **Ms. Soanes** (ATD Fourth World) said that the world's least developed countries faced formidable challenges. The poorest sectors of society must be included from the outset in the planning and implementation of sustainable development programmes. Their life experience and knowledge could contribute to a successful partnership between the various stakeholders and could promote unity towards a common goal that was of benefit to all, including the poorest. Creating dialogue and partnerships with the poorest was an essential part of achieving sustainable development.

71. **Ms. Malaman** (Legion of Good Will) said that in March, as a complement to the Council's high-level segment, her organization had held a seminar in Brasilia to discuss how to promote the eradication of poverty in the least developed countries — particularly those of Latin America and Africa. The discussions had focused on implementation of the Millennium Development Goals, in relation to four major themes: poverty and hunger; poverty and its effect on women; HIV/AIDS and Africa's desert regions; and the establishment of a communications and information network for registering resources and sharing information about projects of interest. A number of proposals were made at the seminar, and participants had discussed the possibility of setting up a permanent forum within which to continue their dialogue.

72. *Ms. Rasi (Finland), President, resumed the Chair.*

73. **Ms. Paul** (Global Action on Aging) noted that more than 30.5 million older persons lived in the least developed countries, representing 5 per cent of their total population. In many least developed countries, older persons faced extremely difficult circumstances. Her organization urged the Council to advocate special protective measures for older persons caught in armed conflict. Although humanitarian and relief agencies, as well as the United Nations, had developed programmes to care for other vulnerable groups, such as children, women and humanitarian workers, they had little understanding of the needs of the elderly and had established virtually no programmes or guidelines for their protection. Organizations working on their behalf had expressed increasing concern and called for international organizations to take positive measures for their protection.

74. In 2000 the United Nations High Commissioner for Refugees had adopted a policy on older refugees that identified the special plight of older persons displaced in conflict. In 2002 the Madrid International Plan of Action on Ageing had called on Governments to protect and assist older persons caught in armed conflicts and foreign occupation. Although those

developments were encouraging, much remained to be done. The Council should use its ad hoc advisory groups to address the needs and concerns of older persons during the precarious period when countries moved from armed conflict to post-conflict and development. It should encourage United Nations agencies to gather concrete information and develop programmes to document and address the situation of older persons; promote new mandates, for United Nations agencies and the Security Council, which included the needs of older persons; determine that special measures should be taken to ensure that older persons received humane treatment and opportunities to contribute towards post-conflict reconciliation and development; and emphasize the positive contribution that older persons could make towards mediation, crisis prevention, peace-building and community solidarity.

*The meeting rose at 6 p.m.*